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NEWS SUMMARY

GENERAL

Scott tells of Thorpe 'affair'

Former male model Norman Scott told magistrates in Minehead, Somerset, yesterday that Mr. Jeremy Thorpe had had a homosexual affair with him over a period in the early sixties.

He said there was a time when he wanted to break off the sexual relationship and remain friends, but Thorpe was not willing. Scott had also at one time threatened to expose their affair.

He was appearing at the resumed committal hearing against Thorpe and three other men accused of plotting to kill Scott. The hearing continues.

Nixon arrives

Former U.S. President Richard Nixon flew in to London and said if it had not been for the Watergate scandal the Communists might not have taken over in South Vietnam. Mr. Nixon is due to address the Oxford Union. Page 8

Egypt peace bid

Egyptian Prime Minister Mustapha Khalil left Cairo for Washington where he is expected to accept the U.S. compromise proposals for a full time-table leading to Palestinian self-rule in Israeli occupied Gaza Strip and the West Bank. Page 6

Soviet targets up

The Soviet leadership, buoyed by a record grain harvest, announced higher economic targets for next year, but said that defence spending would be held to the 1977-78 levels. Page 2

Spitfires check

BL Cars is using the vehicle licensing computer centre in Swansea to contact the owners of 16,000 Triumph Spitfire Mark 4 sports cars built between 1971 and 1974 for a safety check on a fuel hose connection.

Murder charge

Three men appeared in court yesterday charged with the murder of a Securicor guard during a £6,800 raid at Northfields Underground station in North London last month.

Lillie's letters

A collection of 55 autograph love letters from actress Lillie Langtry, whose romance with King Edward VII has been serialised on TV, were sold at Christies for £800. The letters were written to Arthur Henry Jones, her secret lover. Page 8

Fraud squad plea

Accountants should be called in more regularly to assist police investigations into complex, sophisticated company frauds, Mr. Tom Edwards, a former head of the City Fraud Squad, said. Page 9; Men and Matters Page 22.

Historic homes

The Conservative Party has drawn up a charter to save historic homes. It contains six recommendations, among them safeguarding owners from capital tax on supporting assets or other capital assets. Page 10

No China change

Vice-Premier Teng Hsiao-ping has said there will be no top-level change in China's leadership in spite of criticisms of some high officials in Peking's present poster campaign. Page 6

Gandhi setback

Mrs. Indira Gandhi's Congress Party was defeated by the ruling Janata Party in a bitterly contested Parliamentary by-election in Bihar State. The defeat follows Mrs. Gandhi's recent election to Parliament. Page 6.

Briefly . . .

France's new Foreign Minister is M. Jean Francois-Poncet, a senior adviser to President Giscard. Page 3

Malaysia has welcomed a U.S. offer to admit an extra 15,000 Vietnamese refugees plus those left on the freighter Hai Hong.

Two columns of Ethiopian troops have driven Eritrean guerrillas from Keren, their last major stronghold.

BUSINESS

Wall St. down 14; Equities rally ends

● WALL STREET fell 14.03 to 790.11 in moderate trading after depressing U.S. trade figures.

● EQUITIES' rally, which over the past week took the FT ordinary index 21 points higher, faded yesterday, and the index closed 0.9 easier at 489.0.

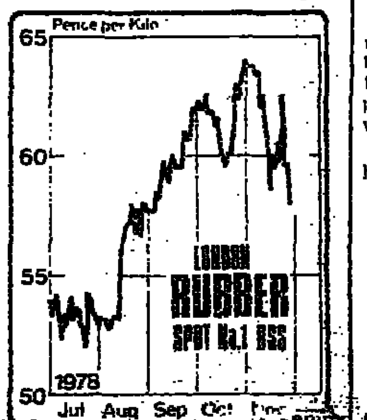
● GILTS generally held to overnight levels and the Government Securities index closed 0.02 down at 68.53.

● STERLING rose 25 points to \$1.9515 and its trade-weighted index improved to 62.7 (62.6). The dollar declined and its depreciation widened to 8.4 per cent (8.2).

● GOLD rose \$1¼ to \$196¼ in London, and in New York the Comex November settlement price was \$191.90 (\$192.60).

● LEAD prices rose sharply following reports of sales to the USSR. Cash lead rose £16 to £424 a tonne. Page 41

● RUBBER prices fell to their lowest for nearly three months and RSS No. 1 spot fell 1.5p to



58p a kilo, due mainly to the drying up of buying interest from Eastern Europe and Japan. Page 41

● U.S. TRADE deficit widened by more than \$400m to \$2.13bn last month. Back Page

● LLOYD'S of London members have until tomorrow midday to decide whether a £45m redevelopment scheme at their Lime Street site in the City should go ahead. Page 8

● DEUTSCHE BANK is to take a 25 per cent stake in Nixdorf, the family-owned West German computer group. Back and Page 28

● FERODO, the French motor component group, is hoping to negotiate a deal with Lucas for alternative and competing supplies of some of the products it supplies to the French motor industry. Back Page.

● STAFLEX INTERNATIONAL, which made pretax losses of £6.3m last year, is to cease trading, following the halting of bank support. Back Page

LABOUR

● SINGER UK'S Clydebank shop stewards are to seek Government and trade union help, following Singer's announcement that it can save only 335 of the 2,800 jobs threat at the Clydebank plant. Back Page

● HOOVER plans a major cut at its domestic appliance plants in Wales, London and Glasgow, to improve efficiency and cut wage costs in the face of competition from cheap Italian imports. Back Page.

● STRIKES in Britain are "extremely concentrated," with few stoppages in large sections of industry, according to an extensive study of the U.K.'s strike record since 1966 carried out by the Department of Employment. Page 17

COMPANIES

● BPB INDUSTRIES pretax profit rose from £14.92m to £17.73m on increased demand for building materials. Page 24 and Lex

● AVON RUBBER pretax profit for the year to September 30 fell from the record £5.417m to £4.414m due to severe competition arising from over-manufacturing and cheap imports. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

BPB Indus.	245	+ 11
Barr & W.A.T. A	106	+ 4
Bishop's Stores	145	+ 5
Dykes (J.)	40½	+ 3
EMI	156	+ 4
Elliott (B.)	167	+ 12
Erith	99	+ 4
Fairview Estates	136	+ 9
Hall (M.)	225	+ 4
Hambros	163	+ 8
Hartwells	109	+ 4
Johnson Matthey	464	+ 14
Lidstone	150	+ 45
Ldn. & Prov. Shop	130	+ 5
May & Hassell	73	+ 5
Milbury	68	+ 6
Pleasurama	76	+ 5
Pochin's	138	+ 6
Reed (Austin) A	92	+ 5
Stocks (J.)	145	+ 7
Westbrick Products	50	+ 3
Guthrie	333	+ 8
London Sumatra	187	+ 17
Hampton Areas	128	+ 8
Westfield Minerals	360	+ 10
Whim Creek	90	+ 15

FALLS:

A. B. Electronic	142	− 4
Avon Rubber	180	− 4
Boots	199	− 4
Cullen's Stores	138	− 8
Downing (G. H.)	120	− 4
Inchcape	305	− 28
Sirdar	70	− 3
Sotheby P. B.	363	− 4
BP	934	− 16

Britain not to join EMS without changes—Healey

BY PHILIP RAWSTORNE

Britain will not join the European Monetary System unless the EEC summit in Brussels next week agrees to substantial changes in the proposals, Mr. Denis Healey, Chancellor of the Exchequer, confirmed yesterday.

He also told the Commons that, if links between the British and Irish pounds were broken, the Irish and British governments believed that exchange controls would have to be introduced.

Mr. Healey, opening the debate on the EMS proposals, said that important differences remained between the Government and its EEC partners on the operation of the system.

The exchange rate regime now planned was too similar to that of the present "snake" to offer Britain advantages commensurate with the risks of joining.

The Chancellor emphasised that the Government did not intend to adopt a "dog in the manger" attitude on the issue. "Whether Britain joins the exchange rate regime or not, we remain vitally concerned with the wider aspects of EMS," he said.

Negotiations

The Government was determined to play a full role in the negotiations that would have to follow if Britain's EEC partners decided to push ahead with the system.

The issues involved—which had barely been discussed as yet—included relations with the dollar and other currencies, the role of the European currency unit, any realignment of exchange rates, resource transfers and concerted action to achieve higher economic growth.

Mr. Healey said that the Government regarded the EMS as a first step towards a new international monetary order rather than a move towards full economic and monetary union in the EEC.

The first essential was that the system should promote growth and employment and control inflation.

Britain wanted a firm commitment to these objectives and the changes in the present proposals needed to achieve them. The system should impose similar obligations on stronger and weaker countries to take action to preserve stability.

Stability could not be achieved simply by intervention in the exchange markets, though. Concerted action to bring about a greater convergence of the economies of the Nine was vital.

Urgent changes were also needed in the operation of the Common Agricultural Policy. "The most important single objective must be to freeze the prices of commodities in surplus."

It was important to devise a system of contributions to the Community budget that would replace the present "own resources" system and be progressive rather than regressive in its effect.

Endorsed

"Before we join the EMS, the question we have to ask is whether we can get more stability at less cost inside the system than outside."

Sir Geoffrey Howe, Shadow Chancellor, firmly endorsed the objective of a zone of currency stability in Europe.

The Conservatives supported membership of the EMS in principle, he said. "If well designed, it would commit this country to a standard of monetary discipline, including a firm commitment to the elimination of inflation, that has served Germany so well."

There was a very strong political case for British participation from the outset. If Britain failed to join it risked losing influence in changing other aspects of EEC policy.

Parliament. Page 10
Economic viewpoint, Page 23

Poland seeking long-term $500m Euro-loan

BY CHRISTOPER BOBINSKI AND ANTHONY ROBINSON

POLAND, which has the largest hard currency debt in Eastern Europe, after the Soviet Union, is about to begin negotiations for a new long-term Euro-currency loan of at least \$500m (£256m).

It has indicated that it is prepared to go as far as it can to satisfy requests from Western banks for detailed information on the state of the economy and the debt position.

Mr. Marian Krzak, the Polish First Deputy Finance Minister, said today that he would be travelling to Frankfurt this week with representatives of Bank Handlowy to discuss the loan with Western bankers.

Mr. Krzak indicated that Poland was trying to obtain significantly better terms than the margin of 1⅞-1½ per cent over London inter-bank rates which it obtained on its last big Euro-currency loan an eight-year, \$250m loan for the Polish Copper Combine in January. Poland was now looking for a spread of around ¾ to 1 per cent.

Reports that Poland would soon be seeking a big loan for balance of payments financing have been circulating in London and other financial centres for some time. The authorities have made great efforts to reduce the balance of payments deficit and the trade deficit with the West was cut by 50 per cent to \$440m (£225.47m) during the first half this year.

With outstanding gross debt at the end of last year estimated at nearly \$15bn, rising to \$16bn this year and a debt servicing requirement put at about \$2bn this year alone, Poland is clearly in need of further substantial borrowing though.

Re-scheduling

Several banks have already reached their limit for an individual country so far as lending to Poland is concerned. However, the extent of current debt and likely borrowing requirements into the 1980s have raised the question of possible debt re-scheduling at some stage.

The lack of complete information about the structure of the current debt and future economic prospects, particularly with regard to the generation of hard currency exports, has added to the nervousness.

To some extent Poland recognised these problems when it agreed to disclose considerable detail and allow on-site progress inspection in respect of the Polish copper loan. This time however, one banker said, Western bankers would be looking for the sort of disclosure which will make it possible to prepare a detailed loan memorandum at least as informative as that prepared in connection with the recent \$300m loan to Hungary.

Bankers also suggest that terms will have to be considerably more attractive than those apparently being considered if banks are to add to their already considerable existing Polish commitments.

Details Page 2

CBI seeks talks on sanctions

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE CONFEDERATION of British Industry is requesting a meeting with the Prime Minister to discuss the Government's sanctions policy, Phase Four of the pay policy, and the reform of the pay bargaining system.

The decision to seek talks was taken at an emergency meeting of the president's committee, the CBI's "inner cabinet," at which some representatives were calling for a more dramatic campaign in order to register distaste for the way the Government has treated Ford.

But Sir Terence Beckett, Ford's chairman, who is a member of the committee, specifically said he was not asking for CBI help in the company's handling of the sanctions issue — a fact which obviously defused an otherwise immediate and angry response.

The meeting also decided to call for a Parliamentary debate soon on the sanctions, and to take legal advice on whether the Government is misusing its discretionary powers by disallowing financial aid to companies which break the guidelines.

This rather moderate response of the "inner cabinet" of the CBI to an issue which is causing extreme concern to many of its members may well, however, be only a first step in deciding its handling of sanctions.

The committee of 25 took the view that Ford is almost certainly only the first in the firing line, and that other companies which have sanctions imposed on them will want more definite support from the CBI than Ford.

The decision to seek legal clarification on the Government's threatened withdrawal of financial aid as a sanction concerns three areas which the Government is looking at in connection with Ford—temporary employment subsidy, financial assistance under Sections 1, 7 and 8 of the 1972 Industry Act.

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Commons debate on Times today

BY ALAN PIKE, LABOUR CORRESPONDENT

THERE WILL be a three-hour Commons debate today on the crisis at Times Newspapers, which is expected to suspend all its publications from tonight.

The Speaker agreed to an emergency debate at the request of Mr. Patrick Cormack, Conservative MP for Stafford South West, who told the House that the Times newspapers and supplements were approaching the most critical 24 hours in their history.

"If the presses stop tomorrow there is no sign when or even whether they will roll again," said Mr. Cormack.

This morning's edition of The Times is expected to be the last for an indefinite period. Times Newspapers announced in April that it would suspend all production of the newspaper together with the Sunday Times and the three Times supplements, unless agreements on industrial relations reforms was reached by today.

Refused

Although some progress has been made the National Graphical Association, the union most directly involved in the crucial issue of new technology, has refused to talk to the company unless the threat of suspension is lifted.

Staff will begin work this morning on tomorrow's edition of The Times but unless there is a sudden new development the company will announce during the day that publication is suspended.

Lord Thomson of Fleet, chairman of the International Thomson Organisation and president of Times Newspapers, said yesterday that, while suspension of publication was a drastic step, the papers could not be allowed to slowly bleed to death. Unofficial disputes this year had resulted in the loss of 13m copies.

There was, said Lord Thomson, absolutely no intention of permanent closure or sale of the Times newspapers. "I have not asked for a deliberately structured confrontation to put an end to the papers to save money."

He hoped the suspension would be for the shortest possible time.

Time runs out for the Times, Page 8

£ in New York

—	Nov. 29	Previous
Spot	\$1.9500-9510	\$1.9465-9475
1 month	[illegible] dis	0.20-0.14 dis
3 months	[illegible] dis	1.01-0.95 dis
12 months	[illegible] dis	3.80-3.75 dis

Shell drivers to ballot on strike call

BY NICK GARNETT, LABOUR STAFF

THE THREAT of a tanker drivers' strike in at least four of the five big oil companies emerged yesterday when a national meeting of shop stewards representing Shell drivers decided to stop work from January 2 if the company refuses to improve its "final" pay offer.

The decision will be put as a recommendation to the drivers by ballot.

National conferences of stewards representing drivers at British Petroleum, Esso and Texaco are due within the next week.

They follow the rejection by Transport and General Workers' Union negotiators of pay proposals made by the four companies.

Of the big five oil and petrol suppliers, only Mobil has had its pay and productivity offer accepted by senior union officials. It is being put to stewards tomorrow with a recommendation for acceptance.

The four companies which have had offers rejected supply about 60 per cent of all UK petrol supplies and a large proportion of heating oils and industrial and aviation fuels.

It was still not clear last night if stewards at BP, Esso and Texaco will follow the Shell lead. A strike by Shell drivers alone would probably have little more than a marginal effect on customers even though the company supplies 20 per cent of the petrol market.

The drivers have submitted claims which the union says would represent pay rises of 30 to 40 per cent but which the companies calculate at more than 50 per cent. They include a new basic rate of £90 against the present £75, which would also be used for calculating overtime and shift payments.

The companies have run into negotiating difficulties on two particular points. The drivers are insisting that a "forward commitment" on overtime pay from last year's settlement—which alone is worth 8 per cent—must be paid. They are also refusing to discuss productivity schemes unless the companies improve existing offers which are within the 5 per cent limit.

Mr. Jack Ashwell, the union's national transport secretary, said yesterday that the proposals by the four companies were far short of acceptable and the union would maintain its refusal to negotiate productivity unless improvements were made.

The Shell offer involves an increase in the present rate of £59.25—on which overtime and shift premiums are paid—to £68.50. The present basic rate would not be increased.

The company said yesterday that it was also offering a productivity scheme to yield as yet unspecified extra payments. The "forward commitment" from last year was not open-ended, it said, and it hoped to have further pay negotiations.

The companies have made similar offers in overall cash terms although formulated differently. Esso, for example, has offered £3 on basic pay but BP has put most of the new money on overtime.

U.S. lowers estimate of world oil supply

BY KEVIN DONE, ENERGY CORRESPONDENT

THE U.S. has lowered its estimates of the amount of oil which will be available to supply world markets in the middle 1980s, Mr. James Schlesinger, the U.S. Energy Secretary, said in London, last night.

World oil production, now running in excess of 60m barrels a day, should not be counted on to increase by more than 20 per cent before reaching its practicable limits. The latest figures forecast a particular reduction in supplies from OPEC countries.

If oil consumption increased at 4 per cent a year, as in recent years, demand would exceeed supply before the middle 1980s, Mr. Schlesinger warned.

He said: "Even if the growth rate were to be reduced to 2 per cent a year — a substantial accomplishment given where we now stand—we would still reach that crunch point by the early 1990s, a period in which we expect conventional oil production to peak."

Addressing a dinner of the Pilgrims, a society to encourage closer Anglo-U.S. relations, he said a surprising and undue satisfaction had been taken in slower economic growth as a partial solution to energy problems. "We must not come to regard economic stagnation as a form of deliverance. Soon enough we shall come to recognise anew the serious problems which unsatisfactory growth inevitably entails."

Adjustments had to be made by the industrialised world if it

Continued on Back Page

EUROPEAN NEWS

Soviet planning chief aims for higher growth

BY DAVID SATTER

MOSCOW, Nov. 29

MR. NIKOLAI BAIBAKOV, the Soviet planning chief, today announced much higher growth targets for the Soviet Union in 1979, as the economy, aided by a record grain harvest, attempts to recover from past setbacks to fulfil the five-year plan.

Mr. Baibakov told a session of the Supreme Soviet, the nominal Soviet Parliament, that industrial output next year is targeted to grow by 5.7 per cent, the highest target so far in the 1976-80 plan, and well above this year's 4.5 per cent growth target, which will be exceeded.

Heavy industry, or "category A" production, the traditional focus of the annual plan, is to grow by 5.8 per cent in 1979, compared with a plan target of only 4.7 per cent for this year. Consumer goods or "Category B" production is to grow by 4.6 per cent, compared with a target of only 3.7 per cent this year.

Agricultural production, which this year received a strong boost from the 235m tonne grain harvest, is to grow by 5.8 per cent next year.

The 1979 plan reflects many of the economic priorities stressed on Monday by Mr. Leonid Brezhnev, the Soviet President, at the plenary meeting of the Communist Party Central Committe.

Mr. Baibakov said a key goal of the 1979 plan, as of the five-year plan as a whole, was an increase in industrial labour productivity, which is targeted to increase by 4.7 per cent in 1979, compared with a targeted increase of 3.6 per cent this year which has not been met in the first nine months.

He said capital investment in 1979 would increase to 13bn Roubles (£101.5bn), from 125.5bn Roubles this year, but there is no indication that the Soviet Union has overcome its persistent laxity in completing projects.

National income, a category similar to gross national product, and the best overall measure of Soviet economic growth, is to increase by 4.3 per cent, or about 18bn roubles. It was targeted to increase by 4 per cent this year.

Mr. Baibakov said that 23.5bn roubles would be invested in agriculture, as part of the continuing effort to modernise and make more productive the traditional Achilles heel of the Soviet economy. Priority would be given to machine-building and metalworking, which are basic to the Soviet attempt to improve labour productivity. The rate of growth is to be 8.2 per cent, and 800 new types of products are to be introduced.

Poland to open its books for $500m loan

BY CHRISTOPHER BOBINSKI IN WARSAW

MR. MARIAN KRZAK, the Polish First Deputy Finance Minister, has confirmed that Poland is seeking a long-term Eurocurrency loan of at least $500m for "general economic purposes" and is prepared to satisfy as far as possible Western banks' requests for detailed information.

In an interview with the Financial Times Mr. Krzak said that Western banks are showing considerable interest in the syndication and that he was travelling to Frankfurt this week with representatives of Bank Handlowy to discuss the loan. He made clear that Poland is looking for a spread in the region of ¾ to 1 per cent over Libor.

Mr Krzak said it was too early to say who would be the leaders of the consortium. "I know that some of the world's foremost banks would like to be among the leaders," he said, and he mentioned that the Bank of America was being considered.

Asked about providing comprehensive data on Poland's hard-currency debt, the deputy Minister said: "We shall try and satisfy the curiosity of the banks to the greatest degree possible."

In this context, he mentioned last January's $250m loan for Poland's copper industry, where the terms allowed Western lending banks on-site inspection rights, and more information than is usual in East European loans. Poland, he said, was at a crucial moment as regards its balance of payments deficits.

Mr. Krzak confirmed that the current debt service ratio was between 30 and 40 per cent, only taking into account trade with the West. He said that as much trade again is done with the Comecon countries and this strengthens the country's ability to service its foreign debt.

Ministry of Finance estimates foresee a hard-currency deficit of $1.1bn this year. Plan proposals for next year, which were approved this week but which still have to go through the Parliament, include a 9 per cent growth in hard-currency exports while hard-currency imports should remain at this year's level. The Ministry estimates that this will give a $500-700m hard-currency deficit in 1979.

Mr. Krzak expects the trade balance to even out in 1980. "That year will begin a long period when we will have a positive trade balance which will enable us to cover our debt service requirement," he said.

He said that a system of money incentives was being planned which would reward workers who produce export goods. The scheme would also permit companies which increase hard-currency exports to import more from hard-currency markets.

The Ministry of Finance estimates that this incentive scheme should add up to $300m worth of exports to the planned export figure for 1979. "As for hard-currency imports in 1979, they will certainly not rise above this year's level and might drop," Mr. Krzak added.

One area where Poland will import less in 1979 is grain and animal feeds. The harvest this year was better than average, but "not as good as we expected," he said.

Poland will be looking for 5m tonnes of grain and feed in the U.S. next year, and the Minister confirmed that Poland has applied to the U.S. Commodity Credit Corporation for credits of $500m to finance such imports. So far, the U.S. has assigned Poland only $200m.

As to the future, said Mr. Krzak, debt repayment is a priority for the economy. Poland, he said, would "be an active client on the credit market." Investments in raw materials, especially coal but also copper and sulphur, would continue; and each year there would be one large investment project.

The Pila aromatics and polyester fibre plant was next in line; but Mr. Krzak said that plans for a heavy truck factory and then a delivery van project were still very much alive.

In the short term, the 1979 plan proposals approved on Tuesday forsee a 3 per cent increase in national income, a category similar to Gross National Product. This is the lowest growth for several years and compares with the planned 5.4 per cent growth in national income this year and a 5.7 per cent rise in 1977.

Mr. Krzak explains that this is so because low agricultural production has been allowed for, and there is also to be no growth in the construction sector next year. Industrial output is planned to rise by 4.9 per cent compared with 6.8 per cent rise on the 1978 plan and an 8.3 per cent in 1977. Consumer goods production is to rise next year by 7.7 per cent and export production growth is to be 9.6 per cent.

Growth in real wages over this year is to be held down to between 1.5 and 2 per cent.

Romanian officials expect Ceausescu to renew attack

BUCHAREST, Nov. 29.

ROMANIA WAS today reported ready to face the Soviet Union in a tense confrontation on issues ranging from foreign policy to military co-operation.

Government officials said President Nicolae Ceausescu, who disclosed sharp new differences with his Soviet bloc allies this week, would probably go on the offensive again at a public rally on Friday.

Bucharest, meanwhile, was outwardly calm as Romanians waited for Kremlin reaction. After several years of uneasiness, relations between Bucharest and Moscow now face their gravest political crisis for a decade.

Officials said the President was ready, if necessary, for a long bout of open polemics with the Soviet Union and his five other Warsaw Pact allies.

Western diplomats predicted that Romania's already-limited military role in the Communist alliance was likely to be cut back still further, but it was thought unlikely that Mr. Ceausescu would seek to leave the 23-year-old alliance.

The Romanian leader has hinted in several public speeches that he was at the centre of a major row at a summit conference of the Warsaw Pact in Moscow last week. He said he resisted demands for increased military spending, and indicated that he vetoed Soviet plans for closer integration of the alliance's armies.

Mr. Ceausescu's public airing of his latest dispute with Moscow sent shock waves through Eastern Europe. Communist governments have been acutely sensitive to the risks involved in an open clash of this kind since the Kremlin sent tanks to crush the Czechoslovak reformist regime in 1968. Mr. Ceausescu condemned the Czechoslovak invasion at the time and refused to allow Romanian troops to take part.

East European as well as experienced Western observers here and in other Communist capitals, however, doubted that the Soviet Union would exert military pressure on Mr. Ceausescu.

The Romanian leader has frequently clashed with the Soviet Union on foreign policy in the last 13 years, but he runs a taut, hard-line regime at home, giving no cause to the Kremlin politburo to question his fidelity to Communist principles, at least domestically.

The Polish Communist Party Politburo was the first to respond to the Romanian leader, in a statement yesterday which tilted at his latest stand without naming Romania.

"Poland will decisively oppose all actions weakening the cohesion and defence capacity of the (Warsaw) Pact, as aimed against the vital interests of all its member states and their nations," the statement said.

Yesterday, Belgrade sources reported that all six Warsaw Pact ambassadors in Bucharest had been recalled by their governments for consultations. The reports were later proved incorrect, although it was confirmed that the Soviet, Bulgarian and Hungarian envoys had left Romania, ostensibly because of official commitments in their own countries.

Reuter

Rank and file discontent threatens Spanish unions

BY DAVID GARDNER, IN MADRID

AS SPAIN puts the formal seal on its three-year transition to liberal democracy in its December 6 referendum on the new constitution, there are emerging the first but unmistakable signs of widespread and radical disenchantment at the rank and file level of the trade union movement. The urgency of political reform has pushed negotiation between employers, the unions and the government on an economic package, to replace the so-called Moncloa Pacts, very much into second place.

The Moncloa Pacts were essentially a stop-gap measure—signed in October 1977 and due to expire at the end of this year—by which the Government and main opposition parties agreed to accompany the political consensus which would operate in Parliament with a measure of industrial peace and a 22 per cent wage ceiling.

The complexities of the political timetable have held up the signing of a second "social contract," in which the Government is looking for a wage ceiling of around 10-12 per cent. But it has not held off the batch of wage agreements due to be renewed before the end of the year under which more than 2m workers are due to settle, and during which this discontent will most likely begin to make itself felt.

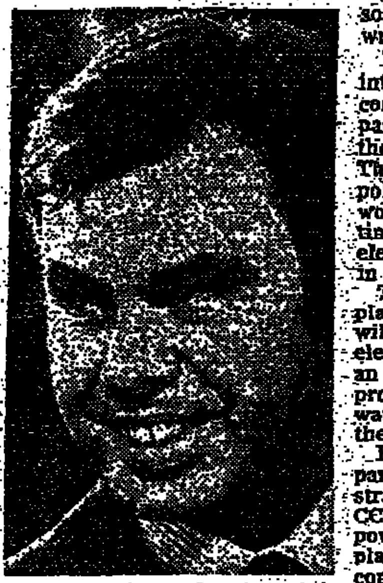
The most prevalent reason for this discontent is hostility to manipulation of the unions by the two main parties of the labour movement—the Spanish Communist Party (PCE) and the Socialist Party (PSOE), which lead respectively the Workers' Commissions (CCOO) and the General Workers' Union (UGT).

The political leaderships of the CCOO and UGT have had the burden of restraining their members from excessive use of newly won freedoms, and of getting their unions to underwrite the consensus which has been the dominant characteristic of Spanish politics since the general elections of June, 1977. For this they have had to pay a price.

Public recognition of this is only now beginning to surface. In a report approved by the Socialist leadership at the end of last month, Sr. Felippe Gonzalez, the PSOE secretary-general, attacked those who were "using the UGT as a platform from which to systematically attack the politics of the PSOE."

Last month the adoption of a resolution by the executive of the PSUC—the Catalan Communist Party and most powerful component of the PCE—which strongly criticised its members in the leadership of the Workers Commissions. It accused them of using the union as a launching pad from which to combat the fiercely moderate policies of the PCE leadership, under the "Eurocommunist" Sr. Santiago Carrillo.

But the greater discipline and experience of the Communists has meant that tensions inside the Socialist Party and UGT have been far more virulent. The wave of expulsions inside the Socialist camp is eloquent testimony of this.



Sr. Felippe Gonzalez

A report circulated inside the PSOE claims that the party has lost nearly three-quarters of its membership this year. From a claimed membership of 230,000 in 1977, the document now puts the number of paid-up members at 62,000, and the Socialist Youth at 4,000 against 16,000 at the beginning of the year.

The Communists, who until recently had managed to do most of their dirty washing at home, are also faced with open crisis on three fronts. The PCE has lost most of its accredited leadership in Santander, while in the mining region of Asturias, heavy expulsions have not prevented dissident Communists from falling back on leading positions inside the CCOO.

Thirdly and most importantly, in Catalonia the pro-Carrillo leadership of the PSUC has been fighting a losing battle with the "Leninists," or radical dissidents, for the past six months.

While there are important differences between the crises taking place inside the PSOE/UGE, and PCE/CCOO formations, the basic causes are the same. There is deep dissatisfaction with the claimed benefits for the units of the Moncloa Pacts, and hostility to continuing wage restraint and restriction of unions' freedoms.

Secondly, the PCE has run into internal opposition after dropping "Leninism" from the party programme, and the Socialists are having an equally rough ride with their proposal to do the same with Marxism.

Thirdly, there is increasing unwillingness among the rank and file of the unions to submit to the tutelage of the parties, so long as that means underwriting the polities of consensus.

The PCE, for example, is interested in maintaining the consensus through a three year pact between employers, unions, the parties and the Government. The agreement would be political as well as economic, and would contain a firm electoral timetable which opted for new elections either immediately or in three years time.

The Communists argue plausibly that private investment will not pick up in the face of electoral uncertainty. However, an important slice of the PCE proposal is the setting up of a watchdog committee to monitor the agreement.

But it conceals an important part of the PCE's electoral strategy as well. Through the CCOO—easily Spain's most powerful union—the PCE would play a dominant role in such a committee, and hopefully build up its electoral strength in time for new polls.

By the same token, the PSOE/UGT insists on a one year pact negotiated exclusively between employers and the unions, and arbitrated by the Government. The PSOE, after reaping the benefits from its part in securing a relatively trouble-free passage through Parliament for the new constitution, wishes to break from consensus politics and project itself as a short-term alternative to the governing Union of the Democratic Centre.

It is not surprising then that the strain on the union leaderships is beginning to tell. The UGT, for example, has now upped what it will accept as the minimum ceiling on wage increases for next year to 16 per cent, against the 10-12 per cent that the Government seeks. The Catalan workers commissions on the other hand, has broken ranks with the CCOO nationally, said a loud and theatrical "No" to any social contract, and demanded that any future pact be preceded by a thorough debate throughout the Labour movement.

Third World blamed for loss of mine finance

BY ADRIAN DICKS

BONN, Nov. 29.

DEVELOPING COUNTRIES have largely themselves to blame for the dramatic shift of new mining investment away from the Third World, Count Otto Lambsdorff, the West German Economics Minister, told the German mining industry's annual conference here this evening.

The tone of the international debate on raw materials had frightened off a good deal of risk capital, so that 85 per cent of new mining investment was now going to projects in the industrialised countries, Count Lambsdorff said. A decade ago, the developing countries were getting 60 per cent rather than the 15 per cent left for them now.

"The damage which the developing countries are doing to themselves through this policy is probably even now not fully recognised."

At the same time, however, the Minister said he was disappointed with the results of the first seven years of West Germany's policy of support for overseas mineral exploration and development.

It would be wrong to blame developing countries alone, when companies were also faced with uncertain price and sales prospects. But he urged West German mining groups to adopt a bolder approach, and assured them that the Government would not fail to adapt its existing guarantees to new forms of operation such as service contracts with overseas authorities.

Count Lambsdorff's speech coincided with the Bonn Cabinet's long-delayed discussion today of the question of a national stockpile of scarce raw materials. No firm decisions were taken, and the matter was effectively shelved until April, when a committee of senior officials will present a range of options.

There appears to be no change in the Economics Ministry view that primary responsibility for stockpiles rests with industry, though Count Lambsdorff hinted that Bonn may be prepared to ease the financial burden through tax concessions.

The consensus view remains that in the short term, West Germany's access to most raw material faces no threat, and has been improved through diversification of supplies. The main problem, as for other Western industrial countries, lies with minerals obtainable only from South Africa. Dr. Armin Grünewald, the Government spokesman, made it clear that the main point of next spring's studies will be to guard against the disruptions of any United Nations sanctions against South Africa.

● Kenneth Marston, Mining Editor, writes: A major new mining operation can have a lead time to production of about eight years and the absence of any guarantee of security for the huge amount of finance involved over that period is a major barrier to new investment in developing countries. At the same time, however, it must be appreciated that because of the depressed level of most metal prices there is little major new non-fuel mining investment taking place anywhere in the world at present.

IG-Metall lock-out anger

BY OUR OWN CORRESPONDENT

BONN, Nov. 29.

IG-METALL, the West German steel-workers' union, called a mass meeting in Bochum this afternoon to protest against the lock-out of 29,000 men which the steel employers have called for Friday morning in retaliation against the strike in the industry which began on Tuesday.

There was little prospect, however, that the lock-out would be called off, and no sign of any peace moves from either side. Some 37,000 IG-Metall members in eight plants in the Ruhr are on strike, with a further 13,000 idle as a result.

The employers' federation said today that the dispute is already costing about 42,000 tonnes' production a day, worth DM 6.3m (£1.7m). These figures will go up to 60,000 tonnes worth DM 9m on Friday.

Despite general anger in the trade union movement at what Herr Eugen Loderer, the IG-Metall president, calls the "shameful weapon" of the lock-out, there is so far no sign that other unions plan specific action in solidarity with the steel strikers. In an apparently isolated incident, however, printers in Bremen delivered a reminder of the still tense industrial relations in the newspaper business when they refused to set an advertisement placed by the steel employers which attacked IG-Metall in strong terms.

EMS option urged for UK

BY REGINALD DALE

LORD THOMSON of Monifieth, Chairman of the European Movement, yesterday appealed to the UK's Common Market partners to keep the door open if necessary for Britain to join the planned new European Monetary System (EMS) after the next election.

He still hoped it would be possible for Britain to make the basic commitment at next week's Heads of Government meeting in Brussels, Lord Thomson said in Luxembourg. "If not, I hope that it will remain possible for the next British Government, whether Labour or Conservative, to do so after the General Election which must take place not later than next autumn."

If the UK were not to join the EMS, it would become "the founder member of a second division in the European league," Lord Thomson said in the Sir Winston Churchill Memorial Lecture.

The best way to ensure that the EMS took proper account of British needs was to be in on the ground floor shaping the monetary union from the beginning.

FINANCIAL TIMES WORLD BANKING CONFERENCE

Socialist states 'can pay debts'

By John Wicks

ZURICH, Nov. 29.

SOCIALIST COUNTRIES are able to shape their economies in such a way as to secure servicing of their foreign debts, according to Mr. Jan Woloszyn, first vice-president of Bank Handlowy Warszawie, the Polish foreign trade bank. Speaking at the Financial Times World Banking Conference here today, Mr. Woloszyn said that in evaluing problems of the increasing indebtedness of these countries, the West relied to a large degree on conventional methods of assessing foreign risks in respect of market economies.

In fact, it was the total export value of individual Socialist countries which reflected economic potential and not just deliveries to market economies alone. A great part of the credits involved went to strengthen industrial potential and thus produce future hard-currency earnings sufficient to cover repayment. Mr. Woloszyn said natural resources and various domestic indicators should also be looked at in the assessment of national risks.

Referring to suggestions that East-West trade might be facilitated by the introduction of convertibility to Comecon currencies, he said he thought western exporters and importers found it quite convenient to settle their accounts in their own currencies. Furthermore, the long-lasting instability of the monetary system of capitalist countries exerted a strain on East-West trade.

Mr. Woloszyn added that he fully shared the view of economists calling for closer co-operation between East and West in efforts to stabilise the world monetary system.

Mr. Woloszyn confirmed a statement made in a speech given at the conference today by Mr. M. S. Mendelsohn, associate editor of The Banker, that discussions were taking place on the arrangement of a $500m Eurocredit for Poland. Talks were not yet at the negotiating stage, however.

Recourse by the Kingdom of Spain to international capital markets next year is likely to be very limited or "perhaps even negative," according to Jose Alvarez Rendules, Governor of the Bank of Spain. This would not exclude the possibility of carrying out some very selective operations in one or two markets to keep the country in the eye of investors "and explore some important markets from which Spain has been absent until now."

The Spanish balance of payments on current account should be more or less in equilibrium in 1979, said Sr. Alvarez Rendules, showing a surplus of some $400m excluding foreign loans. If, on the basis of the high reserves level at the end of this year, a low reserves target were set for 1979, net receipts from foreign borrowings should be about zero.

Spain's activity in the markets would then be limited to carrying out new operations roughly equal to the total of planned repayments, estimated at around $2.75bn. This gross financing figure took into account foreseeable needs of the private sector and of public agencies and organisations.

The availability of a 6 per cent exchange rate margin to new countries removed the last economic obstacle to the UK entering the European Monetary System, the conference was told by Samuel Brittan of the Financial Times. This gave a total band of 12 per cent between the strongest and weakest currency. Mr. Brittan said he had confirmed that these terms were available to the UK as well as to Italy. The British government had been wrong to reject wider margins within the "moving band" proposal.

The line of British Ministers in "waiting for terms" was most unconvincing. Nothing was likely to emerge from subsequent detailed negotiations which would turn the balance in one way or another. This was a convenient pretext for delaying a decision, he said.

Mr. Brittan warned against the UK joining the EMS without any domestic medium term monetary plans, or for these to be conditional on the success of pay policy. The result, if the exchange rate could be held at all, would be a period in which British industry became uncompetitive internationally, followed by a crisis and a sudden devaluation. "British membership could not survive more than a couple of such surges."

On the other hand, not even a benevolent dictator would wish to adjust British monetary policy abruptly. The worst course of all would be the apparent compromise of devaluing and then joining.

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EEC report on Spain entry problems

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Nov. 29.

THE EUROPEAN Commission recommended today that the application of the principle of free movement of goods to Spain should be closely linked to its acceptance of Community policies for the restructuring of crisis-struck industries after it joins the EEC.

In its long-awaited formal opinion on the Spanish application for EEC membership, it says that Spain should be associated before entry with the Community's efforts to restructure the textiles and steel sectors. In return, the EEC should offer Spain aid to facilitate industrial reconversion.

Noting that Spanish industry is highly competitive in a number of sectors where the EEC is currently facing severe problems, the report warns that Spain's membership could give rise to "acute tensions" unless careful measures are taken to cushion the impact of its entry.

On the agricultural side the Commission suggests that the extension of the Common Agricultural Policy to Spain should take place relatively slowly in order to prevent undue disruption of EEC markets, especially for Mediterranean products, and consequent hardships for producers in southern Italy and southern France.

The integration of the Spanish farm sector into the CAP should be linked to the speed of adaptation of the Spanish economy.

Though demand from Spain could reduce slightly traditional surpluses of northern European products like beef and milk its entry could lead to serious over production of products like olive oil, wine and certain fruit and vegetables. The EEC must act as soon as possible to prepare appropriate market rules for these products and step up structural aid to agriculture.

The report suggests no date for Spain's entry and leaves open the question of how long a transition period it should be granted after accession, though it says that this should not exceed ten years. The exact periods should be decided in the course of membership negotiation and could differ from one sector to another.

The Commission emphasises that Spain's economic weight, its relatively advanced degree of industrialisation and its large farm sector will make it much harder to integrate into the EEC than either Greece or Portugal.

A major long-term effort must be undertaken as soon as possible to narrow economic differences between Spain and the EEC. Since a number of poorer EEC regions are likely to suffer most from Spanish accession, the Community should also expand its regional aid policies.

To prepare its industry for entry Spain must act as soon as possible to align its tariff structure with that of the EEC, to harmonise its competition policy, especially in respect of tax and state aids, and associate itself with the EEC's industrial restructuring policies.

Spain should also aim to align its "conditions of work," presumably by raising the wages of relatively poorly paid workers, with EEC standards. Without this step, the Commission suggests that it would be difficult to extend the principle of free movement of labour to Spanish workers.

Externally, Spain's membership will create new problems for the EEC's commercial relations with non-member Mediterranean countries and the developing world. Israel, Morocco, Tunisia and Cyprus are likely to suffer particularly heavily from increased competition from Spain for EEC markets, and the EEC must help these countries to diversify their trade over the long term.

French Foreign Minister is Giscard's man

BY ROBERT MAUTHNER

PARIS, Nov. 29.

M. JEAN FRANCOIS-PONCET, who was today appointed as the new French Foreign Minister in succession to M. Louis de Guiringaud, is very much President Giscard d'Estaing's own candidate and has been groomed for the job for at least two years.

Tall, urbane, with thinning fair hair, the 50-year-old career diplomat, who has been the President's principal aide at the Elysee Palace since July, 1976, has the sort of background which sends shsivers of pleasure down the back of an editor of "Who's Who."

The son of one of France's most famous diplomats of the past 50 years, M. Andre Francois-Poncet, who was successively ambassador to Hitler's Germany and Mussolini's Italy during the decade stretching from 1931 to 1940, and again ambassador to West Germany after the Second World War, the new French Foreign Minister has all the right qualifications.

After graduating brilliantly from the Ecole Nationale d'Administration (ENA), France's famous nursery for civil servants, M. Francois-Poncet joined the diplomatic service in 1955 and only two years later became a member of the staff of M. Maurice Faure, then State Secretary for Foreign Affairs.

If M. Francois-Poncet has the reputation of being a convinced "European," his enthusiasm certainly dates from this period. M. Faure, one of the leading French supporters of European integration of the post-War period, is said to have had a profound influence on him. And it is not for nothing that M. Francois-Poncet subsequently led the French delegation in the negotiations on the Treaty of Rome, which set up the European Community.

Though he has also had experience in other Foreign Ministry Departments, like those dealing with Africa and the Middle East, M. Francois-Poncet remains essentially a European expert, unlike M. de Guiringaud, whose main interest was the Third World.

There can be little doubt that his particular qualifications in this field weighed heavily in favour of his appointment. France takes over the chair of the European Community's Council of Ministers on January 1 and President Giscard has made no secret of his intention to make the six months period of the French presidency a memorable event.

Not only will M. Francois-Poncet play a leading part in the setting up of the European Monetary System, but he will still be in the chair when the elections for the European Parliament are held in June next year.

It can be taken for granted that the new French Foreign Minister will faithfully reflect the President's views. Under the Fifth Republic, foreign policy has always been the special preserve of the Head of State and no Foreign Minister with totally independent ideas could possibly survive for very long.

However, a Foreign Minister who is completely in tune with the President's basic philosophy and policies can clearly exercise considerable influence by virtue of his specialist knowledge. M. Francois-Poncet is well placed to play such a role.

After having been lured back to Government service by the President, following a brief two-year spell as chairman of the family steel company, M. Francois-Poncet has been associated closely with all aspects of French foreign policy, first as State Secretary for Foreign Affairs and then as Secretary-General at the Elysee.

He has accompanied the President on all his official visits abroad.

Jean Francois-Ponset

AMERICAN NEWS

Americans turning on to current affairs

By Jurek Martin

WASHINGTON, Nov. 29.

A VERY strange thing happened on U.S. commercial television last week. The most watched single programme, according to the A. C. Nielsen ratings, was "Sixty Minutes" which deals exclusively with current affairs.

A spokesman for A. C. Nielsen said today he could not remember the last time a regularly scheduled current affairs programme had topped the ratings. CBS, the network which produces "Sixty Minutes," said that the success was unparalleled in the programme's 10-year history.

Some indication of the wasteland that is U.S. commercial television can be gleaned from the fact that "Sixty Minutes" was the only one of 61 programmes shown in prime time last week that dealt in non-fiction.

"Sixty Minutes," which might be described roughly as a rather jazzier version of the BBC's "Panorama" has had a very long and slow ride to the top. As recently as a couple of years ago, it was regularly truncated if the usual late Sunday afternoon American football telecast ran over time.

The other two commercial networks, NBC and ABC, have been sufficiently moved to try to compete and help meet the undernourished U.S. appetite for programmes which go beyond strict presentation of the news.

Public (ie non-commercial) television has had notable success in the current affairs area, especially with its "MacNeil-Lehrer report," shown five nights a week, but its financial resources are normally extremely strained. The same cannot be said of the wealthy commercial networks, which, for all the excellence and comprehensiveness of their news coverage of special events, too rarely elect to run counter to the interests of their commercial sponsors who demand a diet of situation comedies and crime shows. But the times just may be changing.

Administration looks for ways to ease pay code

BY STEWART FLEMING

NEW YORK, Nov. 29.

OFFICIALS OF the Carter Administration are examining ways of easing some of the guidelines in phase two of its voluntary wage and price policy, in order to improve the chances of enforcing the programme. This represents a significant retreat by the Administration from the position, taken by President Carter himself, that the guidelines could not be softened.

A major consideration behind the review is that the wage and benefit standard establishing that increases of more than 7 per cent would break the guidelines, would be virtually impossible to enforce in the case of the Teamsters Union whose contract with the trucking industry expires next March.

The Administration has also realised that its proposed price increase guidelines for companies could be interpreted in such a way as to allow many corporations to choose a form of price control which would not seriously inhibit their ability to pass costs on to their customers.

Mr. Barry Bosworth, director of the Council on Wage and Price Stability which is responsible for administering the policy, has told business leaders that the Administration is considering tightening the profit margin test for price increases.

The Administration has clearly been concerned that companies will elect to abide by the programme's profit margin controls which would allow them to pass on cost increases more easily, rather than meet the price guidelines. These permit companies to raise their prices over the programme's 12-month period by no more than the average 1976-77 annual increase less half a percentage point.

The revised guidelines will probably make it clearer that companies can only elect to abide by profit margin guidelines in strictly defined circumstances.

A bigger problem for the Administration, however, is the realisation that it will have to modify the 7 per cent wage increase guideline in order to improve its chances of having it accepted. Currently the 7 per cent guideline includes not just wage increases but also the cost of any fringe benefits. In many wage packets the fringe benefit component, which includes pensions and health care for example, can account for a third of the total cost of the settlement.

In the case of the crucial Teamsters negotiations, some analysts have suggested that just maintaining the union's fringe benefit package could absorb the whole of the allowable 7 per cent rise in the cost of the settlement.

U.S. proposes plan to solve Cyprus issue

By David Buchan

WASHINGTON, Nov. 29.

THE U.S. has proposed a new plan to solve the four-and-a-half-year-old Cyprus dispute, State Department officials said today. The aim is to provide the basis for a resumption of negotiations between Greek and Turkish Cypriots, under the aegis of Dr. Kurt Waldheim, the United Nations Secretary-General, as called for in a Security Council resolution on Monday night.

The 12-point agenda, drafted by the State Department in collaboration with the UK and Canada, calls for the Turkish community to cede "significant" amounts of territory seized in 1974, and a carefully calibrated federal Government—with Turks and Greeks equally represented in a legislative upper house.

CFTC to press ahead on interest rates futures

BY DAVID LASCELLES

NEW YORK, Nov. 29.

A TIMETABLE to process applications to trade in financial instrument futures—a means of hedging against fluctuations in interest rates—has been established by the Commodity Futures Trading Commission, the regulatory body for the industry.

The Commission earlier received a letter from the U.S. Treasury questioning whether such futures—which are only traded on a few exchanges, mainly in Chicago—were in the public interest, and what impact they might have on government debt management.

The Treasury and the ed also asked the Commission not to approve applications for trading in new instruments until their impact had been studied.

The Commission acts independently of both the Treasury and the Fed, and has been keen to emphasise its individual role. But it is understood to feel that other government agencies have recently become more educated about interest rates future, and it will go ahead with processing applications of which there are now about 10 from exchanges in New York, Chicago and elsewhere.

The Commission expects to complete its review on the next pending application in February. This was from the Chicago Mercantile Exchange for permission to trade in four-year Treasury notes.

U.S. COMPANY NEWS

Ashland Oil gives reasons for property sale: Occidental in SEC filings inquiry: Dresser sees property rise — Page 27.

Hopes rise for an end to Belize wrangle

By Our Foreign Staff

HOPES FOR a solution to the long-standing wrangle between Britain and Guatemala over the future of Belize (formerly British Honduras) are rising following the presentation of a four-point British plan to the Government of General Romeo Lucas in Guatemala City.

The Belizean Government of Mr. George Price has refused to move the country to independence from the present status of a Crown colony without a defence guarantee from Britain to secure its borders from Guatemalan invasion. Britain has consistently refused to grant this Belize, with a population of 130,000, fears its powerful neighbour, whose population numbers some 6m.

Details of the plan were given by Dr. David Owen, the British Foreign and Commonwealth Secretary, to Sr. Castillo Valdés, the Guatemalan Foreign Minister, at the United Nations in September and have been kept confidential by the two sides.

The plan which reportedly has been approved by Mr. Price and Mr. Dean Lindo, the Belizean opposition leader, would ensure Guatemalan access to the Caribbean from its ports of Puerto Barrios and Santo Tomás de Castilla. In theory, access from these ports could be blocked across the Bay of Amatique if Belize from the north and Honduras from the South extended their territorial waters for 200 miles. Under the plan, Belize would undertake not to make such a move.

To meet the Guatemalan military Government's nervousness about Belize becoming a base for Cuban and other left-wing infiltration in the area, Belize would also undertake not to sign pacts with third parties without the agreement of the Guatemalans.

Thirdly, Belize would give preferential treatment to goods destined to and from Guatemala at the port of Belize City. Guatemala has long argued that the fact that it did not control Belize and that access to Belize City was difficult had acted as a powerful brake on the development of Guatemala's northern department of Petén.

Lastly, Britain would contribute to opening up communications between Belize and Guatemala. This would be a gesture towards the Anglo-Guatemalan agreement of 1859 which committed Britain to build a road to Guatemala. The treaty was not ratified and Britain never built the road.

Dr. Owen and Sr. Castillo Valdes are understood to have got on well at their September meeting, and since taking power in July the Lucas Government has moved to damp down anti-British sentiments among the small section of the Guatemalan population which follows the Belize issue closely.

It is recognised, however, that it will be a difficult political process for any Guatemalan Government to abandon such a large territorial claim and dismantle the machinery set up several decades ago to pursue the issue.

The UN committee on decolonisation is expected to reconsider the Belize situation in New York shortly.

U.S. considers return to ILO

LIMA, Nov. 29.

MR. ROBERT J. BROWN, the U.S. Under-Secretary of Labour, said yesterday that he was optimistic that the U.S. would rejoin the International Labour Organisation because it "is gradually returning to the basic principles it was founded upon."

The U.S., which contributed 25 per cent of the ILO budget, left the organisation last year because it felt the agency was spending more time advancing third-world ideology than bettering the world's working conditions.

AP

GUYANA'S TROUBLES

Burnham dissociates himself from Jonestown tragedy

BY HUGH O'SHAUGHNESSY, RECENTLY IN GEORGETOWN

Mr. Forbes Burnham, the Guyanese Prime Minister

PRIME MINISTER Forbes Burnham being the agile politician that he is, it did not take many hours from the time of the announcement of the horrific deaths and killings at the People's Temple settlement at Jonestown earlier this month for the Guyanese government to dissociate itself as much as possible from the tragedy.

Mr. Christopher "Kit" Nascimento, the Minister of State in the Prime Minister's Office and a former information chief who was on an assignment in the U.S., made the point that the late Mr. Jim Jones and most of the Jonestown victims were U.S. citizens and the affair had little to do with Guyanese.

Mr. Nascimento also pointed out that the People's Temple cult had produced some impressive testimonials, including a letter of mild approval for their work from Mrs. Rosalynn Carter.

Whatever connections there were between Mr. Jones and the government—and there are clear indications that they were quite strong—Mr. Burnham needs to put as much distance as he can between the sect and himself. He has too many political and economic difficulties on his plate already to afford mud from Jonestown to rub off on to him.

Jonestown with its thousand inhabitants and well managed farms sited in the far North-west of the country was a valuable strategic pawn in the diplomatic game with Venezuela, which has an outstanding territorial claim to much of empty western Guyana.

The Government has to explain why, despite warnings, it did nothing to investigate allegations of malpractices in Jonestown and allowed Mr. Jones to keep large quantities of firearms, ammunition, foreign currency and foreign securities, all of which are strictly controlled in the rest of Guyana.

Refugees from Georgetown tell of relatively frequent visits to Jonestown by Ministers, while the sect's own published material was extremely enthusiastic about Mr. Burnham's government. One brochure commented "Valuable in-kind services have been provided by the Guyana government on a number of occasions."

Guyana is in severe economic straits and Mr Burnham's administration is unpopular and distrusted by many. Were it not for the support he receives from a large number of foreign capitals, the situation would be parlous indeed for Mr. Burnham.

The referendum in July, which gave the Prime Minister and his People's National Congress (PNC) spectacularly increased powers, was widely condemned by the regime's opponents of all political shades for being grossly fraudulent.

Whereas the official figure of the turnout was 71 per cent a close monitoring of the polling stations by the Opposition pointed to an *abstention* figure of 86 per cent.

The protests about the referendum echoed local and international condemnation of the conduct of the 1968 and 1973 general elections, which Mr. Burnham won by big majorities.

Were fair elections held in Guyana, leading lawyers and churchmen claim, the Government would not get more than about 15 per cent of the vote. They say that much of the Government's trouble stems from the continuing racial complexion of politics. The PNC effectively appeals to the urban Negro vote and the principal opposition party, the Moscow-line People's Progressive Party led by Dr. Cheddi Jagan pulls more voters from the East Indian majority which lives in the countryside.

Such have been the electoral irregularities, Mr. Burnham's critics say, that it is difficult to get a clear idea of the strength of the parties. The only sure thing is that the PNC can no longer command a majority.

But popular discontent is based on something more tangible than unhappines with electoral irregularities.

Guyana's economy has been going through a hard year and things will get a lot tougher yet. Consequently the PNC's racial constituency, the urban Negroes in this underpopulated country of 800,000 people, has become increasingly restive.

The situation was succinctly put by the Government in the letter of intent it wrote to the International Monetary Fund on June 12 seeking a stand-by credit. "Guyana's balance of payments has been under severe pressures since the latter part of 1975." Exports fell by nearly one-third between 1975 and 1977, but the level of imports remained relatively high. "As a result, the deficit on current account rose from 3 per cent of GNP in 1975 to 33 per cent in 1976 and 22 per cent in 1977." Guyana fell behind on external payments and international reserves became "strongly negative."

Since signing up with the IMF, the Government has had to cut imports drastically and adopt deflationary policies in order to cut the budget deficit and curb inflation, now running at about 25 per cent a year.

The prices of motor vehicle licences, sugar and rice have been doubled, taxes on drinks, cigarettes and petrol increased and prices of general imports passing through the state trading organisation have also been raised. The result, not unexpectedly, has been general discontent, and it was only by the greatest good luck and good management that Mr. Burnham avoided a general strike just over a month ago.

In this welter of difficulties Mr. Burnham can count on one continuing bright spot, foreign affairs. The Western powers, principally the U.S. and Britain, still prefer him to the most likely alternative, Dr. Cheddi Jagan and his PPP. This preference is shown in a number of ways ranging from the manner in which the U.S. authorities have done their best to save Mr. Burnham embarrassment over the Jonestown affair to the fact that the British Ministry of Defence has sent troops of the Black Watch this month on exercises to Guyana. Mr. Burnham has also been feted in Havana, Moscow, East Berlin, Peking and Pyongyang as the Communist countries seek the ear of a man who has carved out for himself an important role in the Third World.

This tension between the Prime Minister and his constituency is already troubling many observers of the Guyanese scene. One senior diplomat here summed up his view of the situation as follows: "If the tension slackens and stability is restored this country with its vast area and great unexploited natural resources could become very rich. If that doesn't happen Guyana could take the road Haiti took a long time ago."

WORLD TRADE NEWS

UK banks to sign $1.2bn credit deal with China soon

BY LORNE BARLING

SEVEN BRITISH banking groups groups are to conclude a $1.2bn line of credit agreement with the Bank of China next Wednesday. Ten banks are involved but some will jointly sign the agreement which will be split equally between the seven groups and will be for identical terms of five years at 7¼ per cent.

The groups are Barclays; Midland; National Westminster; Standard and Chartered; Williams and Glyn's and the Royal Bank of Scotland; S. G. Warburg and Lloyds International, Kleinwort Benson and the Bank of Scotland.

The Exports Credits Guarantee Department, which has played a major part in negotiating the agreement, will provide backing of 85 per cent of the value of individual contracts and the Chinese will pay the remaining 15 per cent in cash.

The credit line, which differs in some respects from normal agreements of this kind, is the first to be negotiated by the Chinese and will be a major incentive for British exporters to go ahead with proposed export contracts.

Each bank is expected to sign individual agreements with the Bank of China, but it is expected that more normal buyer credit agreements will follow later to finance larger contracts.

ECGD, which yesterday announced its trading results for the last financial year, said it expected some of the credit for China to be used quite quickly, adding that no other country would have a formal facility of this kind.

Negotiations with China were also taking place to prepare a simplified buyer credit document, omitting unnecessary legal aspects, which could be used as a basis for future agreements. After some difficulties on the question of arbitration, the talks were going ahead smoothly.

However, it is clear that credit terms being offered by Japan are causing concern, particularly its proposed "developmental" loan by Exim Bank of Tokyo at a likely rate of 6-6¼ per cent compared with the consensus rate of 7¼ per cent for two to five years.

Although the Japanese insist that these loans are not tied to their products, and are in any case experiencing some difficulty in concluding them (probably due to the strength of the Yen), Western countries are watching closely.

ECGD believes that although such loans may be untied in theory, much of the resulting export business would naturally go to Japan, and other countries may decide to act together in matching the rates offered.

In the event of such a deal being concluded, UK companies would be urged to make use of the Japanese loan facility, in an attempt to establish how readily available it is to foreign companies.

EEC price for trade agreement

By David Buchan

WASHINGTON, Nov. 29.

THE U.S. accepts that the European Community's Council of Ministers will not sign a multilateral trade agreement until Congress waives the countervailing duties imposed on subsidised EEC exports, Mr. Richard Cooper, Under-Secretary of State for Economic Affairs, said today.

He was addressing a Press conference after two days of talks with top EEC officials, in which both sides acknowledged that the present Geneva trade negotiations will run well into 1979. But both Mr. Cooper and Sir Roy Denman, the EEC's External Affairs Director, emphasised today they still hoped to reach a basic "understanding" between the U.S. and the Community by Christmas on the substance of the Geneva negotiations.

Herr Wilhelm Haferkamp, the EEC External Affairs Commissioner, yesterday saw President Carter. Both men stressed the need for speedy progress in Geneva.

Congress does not re-assemble until mid-January, and Mr. Cooper still held out the possibility that the Administration might, by its own action, delay the effect of countervailing duties on EEC exports. The Treasury Secretary, he said, was obliged by law to impose the duties, until Congress decides otherwise, but the Administration might just not collect the money from importers.

Saudi expenditure curbs cause some problems for contractors

BY JAMES BUCHAN

JEDDAH, Nov. 29

ATTEMPTS to curb government expenditure in Saudi Arabia to reduce waste and cope with a revenue shortfall have been causing considerable problems for contractors. Many of them have been receiving reduced or delayed payments and there has been a slowdown in the agreeing of new contracts.

The Finance Ministry told other ministries when the new budget came into force last June that they could only spend 70 per cent of their allocation without obtaining special Finance Ministry permission.

Ministries appear to have interpreted the directive in different ways, contractors say. The Ministry of Agriculture and the Civil Aviation Board of the Ministry of Defence are reported at one stage to have cut payments on current projects by 30 per cent. Other ministries have scaled down or delayed new projects and reduced the size of yearly renewable contracts such as maintenance deals.

While ministries themselves are taking an increasingly critical attitude to progress payments, the Finance Ministry is reported to be closely scrutinising ministries' payments and keeping ministries with a record of wastefulness on a tight rein.

Payments on a microwave telecommunications contract are said to be "months in arrears," while three Italian road contractors have not been paid since April. Some smaller companies which must pay subcontractors on 30-day demand are having to seek short-term borrowing from local banks or on the Bahrain offshore Saudi riyal market.

These problems were compounded last week when the Saudi Arabian Monetary Agency (SAMA) temporarily refused to deal with claims from local banks which must deposit a proportion of their funds with it.

[In London the Department of Trade said that a handful of British companies had reported payments problems. But it believed that the confusion which existed before had cleared up and that the situation was improving.]

Benguela still subject to sabotage

By Michael Holman

LUSAKA, Nov. 29.

ZAMBIA WILL remain dependent in the short term on the re-opened southern railway through Rhodesia and the northern railway to Dar Es Salaam, Tanzania, despite the re-opening of the Benguela railway.

The first trial run on the Benguela line, which was officially re-opened earlier this month, showed that guerrillas of Mr. Jonas Savimbi's Unita movement were still able to disrupt traffic. Zambian shipping officials said that saboteurs damaged at least two bridges on the line, which had been closed since August, 1975, as a result of the Angolan civil war.

The view that the railway will not solve Zambia's short-term problems is shared by the Zambian mining industry, which used to ship copper through the Angolan port of Lobito. An industry official visited Lobito earlier this month for discussions with senior officials from Angola, Zambia and Zaire, although the Zaire representatives did not arrive.

The Presidents of the three States were to meet in Zambia on November 18, but the meeting was downgraded to Prime Ministerial level when it was learnt that President Mobutu of Zaire could not attend. The meeting failed to take place when the Angolan delegation did not arrive.

Zambia had hoped to use the line to import fishmeal and wheat, and to export cement as well as copper.

Coal trade growth urged

BY KEVIN DONE

A BIG expansion of world coal trade in the late 1980s and the 1990s will be proposed by the International Energy Agency (IEA) in a major report to be published in the next two weeks.

The study suggests there could be a massive expansion of low-cost coal production in countries such as the U.S. and Canada, Australia, South Africa, India and Colombia.

It has important long-term implications for the coal industries of the EEC countries, especially the UK, West Germany, Belgium and France, where coal production is based on much higher costs.

World coal production is currently running at about 3bn tons a year according to the IEA but less than 10 per cent of this total is openly traded. The rest is consumed locally by the producer countries.

The UK Government is already having to subsidise some coal sales to the Central Electricity Generating Board in order to make coal a competitive fuel to burn in power stations instead of fuel oil.

German subsidies

BONN, Nov. 29.

COUNT OTTO LAMBSDORFF, the West German Economics Minister, hinted today that the Government may not extend the regulations keeping cheap imported coal off the domestic market when they run out in 1981.

In a speech to the Mining Industry Federation here today, he made clear that the Government stands by the overall policy of reliance on deep-mined hard coal. But he also said this could not be done at any price.

Payments of claims on ECGD up 49%

FINANCIAL TIMES REPORTER

THE EXPORT Credits Guarantee Department, which recorded a 49 per cent increase in claims paid during the last financial year, estimates that total payments made in compensation for losses in Turkey will amount to £50m to £60m, although arrangements have been made for its recovery.

It said that overall claims amounted to £94.2m during the period (compared with £63.1m the previous year), of which the major part was in connection with short-term business in Turkey, and more payments on longer term transactions were still to be made.

However, Mr. Kenneth Taylor, Secretary of ECGD, said that agreement had been reached with Turkey for phased repayment of debts, but the fact that even short term debt has been rescheduled indicated the size of the problem.

He added that an increasing amount of ECGD insured business was being insured in foreign currencies and amounted to 10.5 per cent of the total last year.

Despite fears that foreign banks based in London would take a disproportionately large share of foreign currency business, it is estimated that they provided not more than one-fifth of the total although they joined syndicated financing arrangements on a substantial scale.

The total net cost to public funds of interest support for fixed rate sterling and currency export finance was £116m, compared with £220m in the previous year. This was due partly to the increase in the use of foreign currency financing.

Outstanding advances of sterling by the banks at fixed rates of interest in respect of insured credits of two years or more rose by £594m to a total of £4.3bn compared with last year's £3.7bn. Of this total £1.9bn was refinanced by ECGD, 12.3 per cent less than at the end of March, 1977, because of the banks' agreement to increase the non-refinanceable proportion.

The comparable outstanding advances of foreign currencies totalled the equivalent of 30.8m at the end of the year.

ECGD's foreign currency liabilities now total around $2.5bn with business in hand worth an additional $3.5bn, while Sterling liabilities amount to about £21bn. ECGD last year insured 33 per cent of total UK visible exports, compared with 37 per cent the previous year, but Mr. Taylor said this proportion had improved in the last few months.

Nigerian loan signed

A loan agreement was signed in London yesterday between Morgan Grenfell, West African Portland Cement, of Nigeria (WAPCO) and the ECGD.

The $22.5m loan, the repayment and funding of which is guaranteed by the ECGD, is to be used to provide finance for a major contract between WAPCO and F. L. Smidth for machinery and equipment for the extension to the cement works at Shagamu, in Ogun State.

The loan is repayable over eight years from estimated commissioning. The Blue Circle group who are shareholders in WAPCO have been appointed as technical consultants for the extension.

The loan is the first ECGD-backed buyer credit to a Nigerian borrower since 1970, and is the first UK export credit to Nigeria to be denominated in U.S. dollars.

Nigerian Eurocredit, Page 27

THIRD WORLD INVESTMENT

Suspicion remains greatest problem

BY OUR OWN CORRESPONDENT CASABLANCA, Nov. 29.

ONE OF the main problems facing private foreign investors in developing countries remains the suspicion in the host country that its sovereignty will be impinged upon, according to many delegates at a seminar here.

This suspicion often runs hand in hand with policies under which countries seek foreign capital by means of tax relief and tariff protection measures embodied in constantly revised investment codes.

At a seminar on investment and export industries in developing countries organised by the ICC at the Mohammedia seaside resort near here last week, some 125 delegates from 30 countries on both sides debated the problem. They concluded that co-operation was vital to the survival of both the industrialised and developing worlds.

The ICC believes direct foreign investment in developing countries reflects a basic convergence of interest between investors who seek markets, lower costs of production and sources of supply, and developing countries wishing to attract capital, technology and expertise from the industrialised countries.

In the ICC's view, foreign investments should provide benefits for both sides, but in recent times developing countries have been trying to get more from it than in the past. They have been placing more demands on foreign interests seeking to do business in their markets. They have also sought to renegotiate contractual obligations for exploration and exploitation of natural resources.

These developments have often shaken the confidence of investors who claimed that the profitability of their investment was being diminished by new obligations put on them by the host countries, and this has created psychological and political blocks, and increased the risks.

Foreign investors may ask themselves, why bother? The answer according to several speakers at the seminar is that they have no alternative because to do nothing would be fatal to the industrialised world in the long run and also spell disaster for the Third World.

For example Dr. Fritz Paetzolt, head of the legal department of the German Development Company (DEG), said imports from cheap labour countries made many Western products uncompetitive, while protectionism would make the companies economically unsound, and hence there had to be a shift from north to south.

This meant the transfer of the labour-intensive part of output to the developing countries in sectors like foods, tobacco, paper and board, pharmaceuticals, plastics transformation, ceramics, precision mechanics and optical industries.

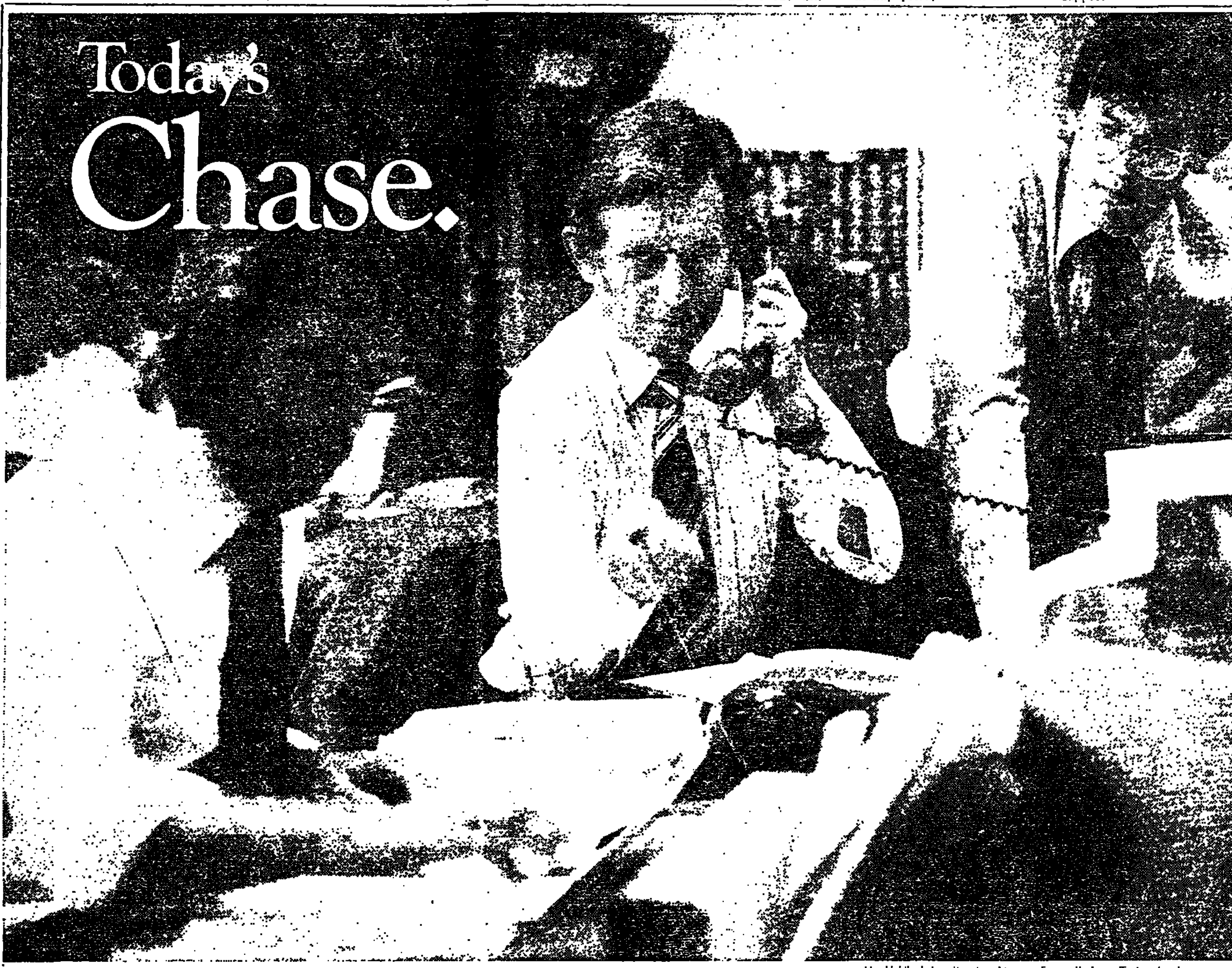
Mr. Carl-Henrik Winqwist, secretary-general of the ICC, stressed in an interview that the West must make profound structural changes to match its efficiency with its technology. He said while it took three British steel workers to produce as much as one German, it took three Germans to match one Japanese, and as a consequence the West had already lost many markets for steel, textiles and ships, and was in the process of losing others for cars, electronics and chemicals.

Top executives from Western companies with long experience in the field all said they want to co-operate, not dominate, and since partners in joint ventures needed each other there was no reason why solutions to all these problems could not be found by means of negotiation in a proper framework.

Frequently cited as very successful examples of co-operation were Hong Kong, Singapore, Taiwan and the Philippines. They showed that political stability was the main guarantee of success, coupled with government willingness to attract investors and give them what they want. As Abderrahman Tai, chairman of the Moroccan ICC, said, the secret of success is the "political volition" of the host country.

South-East Asia was seen as an area with major attractions for foreign investors, notably plenty of raw and semi-finished materials, a large pool of skilled labour, competent local companies or entrepreneurs and big regional markets.

There was more talk about the political or investment climate in developing countries than anything else. Creating conditions conducive to raising foreign investment to the mutual satisfaction of both investors and host country was the subject of some contradictory debate, but in the end it seemed the problem was clarified if not solved.



OVERSEAS NEWS

Gandhi election setback

By K. K. Sharma

NEW DELHI, Nov. 29.

THE MUCH battered ruling Janata party today got a shot in the arm when its candidate, Mr. Ajit Kumar Mehta, won a bitterly contested parliamentary by-election in the Samastipur constituency in Bihar state. He defeated Mrs. Indira Gandhi's Congress candidate by over 27,000 votes.

The victory comes after Mrs. Gandhi won a parliamentary by-election in the southern state of Karnataka earlier this month. Had the Janata lost, the implication would be that Mrs. Gandhi had made inroads into the northern states where her party was totally wiped out in the 1977 general elections.

The Congress defeat is by a markedly low margin since Janta won Samastipur by more than 300,000 votes in 1977. Janata has won nevertheless at a time when it is torn by internal dissensions and this is taken by its leaders to mean that Mrs. Gandhi has not regained her popularity in the north.

This claim will be tested again next Sunday when another parliamentary by-election is to be held in the Fatehpur constituency in the key northern state of Uttar Pradesh. Mrs. Gandhi's party has already won one parliament seat from Uttar Pradesh this year and another victory would enable her to claim with more conviction that the people want her and not the Janata.

Egypt ready to accept U.S. plan on West Bank

BY ROGER MATTHEWS

CAIRO, Nov. 29.

MR. MUSTAPHA KHALIL, Egypt's Prime Minister, is expected to tell President Jimmy Carter on Friday that his Government is willing to accept the U.S. compromise proposals for a time-table leading to Palestinian self-rule on the Israeli-occupied Gaza Strip and West Bank.

This issue, which has brought to peace talks between Egypt and Israel to a virtual halt, will be dealt with in an exchange of letters that will accompany the treaty. Egypt is determined that there should be some firm link between the bilateral treaty and progress towards Palestinian autonomy, but this has so far been rejected by Israel.

Mr. Khalil, who left here today for the U.S. via Paris, will later visit a number of European capitals, probably including London, to explain the Egyptian stance. By agreeing to the U.S. compromise proposals on the West Bank and Gaza—which are understood to call for elections to a self-governing Palestinian authority three months after Egypt and Israel exchange ambassadors—President Anwar Sadat would again appear to have manoeuvred Mr. Carter and Mr. Menahem Begin, Israel's Premier, into direct confrontation.

At last Sunday's Cabinet meeting, Mr. Begin is reported to have supported the view that the Israeli delegation should only return to the Washington peace talks with Egypt in order to initial the draft treaty which was published at the end of last week.

However, Mr. Khalil will also be demanding changes to the draft treaty, especially to article six which says that "in the event of a conflict between the obligations of the parties under the present treaty and any of their other obligations, the obligations under this treaty will be binding and implemented."

Lull in Peking poster campaign

By John Hoffmann

PEKING, Nov. 29.

THE WALL-POSTER campaign in Peking quietened today, indicating that the first flush of almost hysterical enthusiasm had waned.

Peking streets were busy tonight but the atmosphere among the crowds was more subdued than in the past few evenings. Few new posters were evident. Several hundred people gathered at the monument to the heroes of the revolution in Tienanmen Square. One factor which may have taken some of the vigour out of the wall-poster campaign is the widely-publicised tolerance with which the Chinese Government regards it.

There has been no attempt to interfere with the display of posters or to inhibit street meetings, although photographs were taken at one rally this week by cameramen believed to be from the public security bureau (the Peking police force).

Vice-Premier Teng Hsiao-ping, who has made several references this week to the public campaign for democratic rights, said he approved of the wall-posters and observed that much of the opinion expressed was right.

A Chinese student interviewed in Peking's main street tonight agreed that one of the campaign's demands—freedom of expression—seemed to have been tacitly granted already. "But two years ago we would not have dared speak to you," she said.

Foreigners continue to be sought out in the streets by groups of Chinese eager to explain the objectives of the poster campaign. They are anxious that their aims should be properly understood. "We want some of the freedoms that exist in other countries," said one Chinese. "We want to be able to choose our own jobs and we want better living conditions. But we are not asking for luxuries.

"This is a socialist country and we want to work for China. With better conditions we could work more effectively," the Chinese said.

Reuter adds from Peking: Senior Vice-Premier Teng Hsiao-ping said today there would be no top-level change in China's leadership despite criticism of some high officials in Peking's present poster campaign, Japanese reports said.

In a meeting with Yoshikatsu Takeiri, chairman of Japan's opposition Komei Party, Mr. Teng also praised the appointment of Hua Kuo-feng as premier two-and-a-half years ago and said he himself did not want the job. China now needed unity and stability, he added.

The vice-premier said a high-level meeting was nearing its end in the Chinese capital after discussing the country's modernisation plans. The meeting is believed to involve the Communist Party politburo or central committee.

● China sharply downgraded its representation at an Albanian national day reception in Peking today, underlining the deterioration in relations between the two former allies.

The senior Chinese present at the reception was vice-Foreign Minister Yu Chan, who is in charge of East European affairs. China was represented last year by politburo member Ulanfu, also a vice-chairman of the standing committee of the National People's Congress (parliament).

Paris goes to the Ayatollah

BY DAVID WHITE

PARIS, Nov. 29.

IF Ayatollah Khomeini will not come to Paris, then Paris must go to Ayatollah Khomeini.

He is the Shah of Iran's main opponent in the Islamic Church and the pilgrimage to his temporary base at Neauphle-le-Château, 30 miles from the French capital, already has become a ritual.

Since early October, two rented villas straddling a quiet road have become a beehive of turbanned Moslem priests, photographers, TV teams waiting for the white-bearded Ayatollah to cross the road to hold prayers under an apple-tree in the little orchard, and Iranian students, some come specially from campuses in the U.S., many on scholarships from the Shah's Government.

The students carry out memorial services for the Ayatollah and his aides. They take tea to the two Special Branch men parked outside in a battered Simca.

The Ayatollah holds audiences in a small room with a bare light-bulb. There are no windows and no furniture, except carpets and a foam mat in the corner, where he squats, propped up by a white pillow in the small of his back.

His hands remain permanently folded, his head inclined, his delivery expressionless, except for the occasional hint of irritation. The Ayatollah is the picture of composure, a man who has the knack of making those in his presence feel inferior.

There is no sign anywhere in the Ayatollah's headquarters of sophisticated communications equipment, just a small desk with a telephone and scattered papers and prints showing the fate of riot victims in Iran.

Mayor wants PLO in talks

BY DAVID LENNON

GAZA, Nov. 29.

THE PALESTINIANS of the densely populated Gaza Strip will have nothing to do with the Israeli-proposed autonomy plan unless the PLO is brought into the negotiations and Israel clarifies its ultimate intentions for the area, according to Mr. Rashad a-Shawa, the Mayor of Gaza.

Having just met Mr. Yassir Arafat, the PLO leader in Beirut, the mayor found that the Palestinian leadership and the people of Gaza were in complete agreement in their rejection of the plan for local self-government which was agreed upon by Israel, Egypt and the U.S. at the Camp David summit.

Mr. A-Shawa says that the Camp David formula is too vague. Because experience of 11 years of Israeli rule has taught him that Israel is a tough negotiator, he wants a number of points clarified before he would consider joining any negotiation.

President Sadat's current effort to link the future of the Gaza Strip and West Bank to the Egypt-Israel peace treaty is seen by the Mayor as a belated realisation of the need to solve the Palestinian issue before Egypt withdraws from the struggle.

But, for Mr. A-Shawa, setting a timetable or a target date for implementing the autonomy plan is less important than clarifying the final status of the occupied territories.

The points which the mayor believes must be settled before negotiations can begin include, primarily, finding a formula to enable the PLO to participate in the talks. Without the PLO there can be no negotiations, he says.

Other points he wants to see clarified are the status of the occupied territories after the transitional period of local autonomy and what borders of the Palestinian State would be after a peace agreement is reached.

Mr. A-Shawa also wants Israel to stop building new settlements in the occupied territories and to agree to disband the existing ones or to hand them over the Palestinian authority for the rehabilitation of the refugees. Those Palestinians living outside the West Bank and Gaza Strip must have the right to return, if they want to, he adds.

Meanwhile, school children in Ramallah and Halhul on the West Bank marked Palestine Day, the anniversary of the 1947 UN resolution, by demonstrating against the Israeli occupation.

'Be prepared to die'

BY OUR OWN CORRESPONDENT

PARIS, Nov. 29.

ON THE eve of Moharram, Iran's month of religious commemorations, Ayatollah Ruhollah Khomeini says that his followers must be ready to die in their fight against the régime.

Calling for Iran's Shi'ite Moslems who make up more than 90 per cent of the population, to defy government bans on meetings, he said that Moslems must be prepared to sacrifice their lives and belongings to defeat "the enemy of the people."

If prevented from meeting in mosques, he said, they should meet "in the streets, in public places, wherever they can" in order to pursue the campaign against the monarchy.

In his comments, made in an interview with the Financial Times at his exile base near Paris, the 78-year-old spiritual leader appeared to come closer than he had before to accepting the principle of violent revolt.

He is under some constraint in this respect. President Giscard d'Estaing said last week that Ayatollah Khomeini had twice been warned since arriving here early in October about preaching organised violence.

The Ayatollah said he had stopped short of urging Iranians to resist the army, but he had told soldiers and officers to disobey orders, and senior commanders to disobey the Shah.

He said his stay in France was only temporary, but left open the possibility of his return to Iran, under the present government, as he has been asked to by other religious leaders. He would go back when he thought the time was right.

The Ayatollah Khomeini

The Ayatollah's permission to stay in France, granted under the same conditions as a tourist, expires in January. He said he would be prepared to go elsewhere in France or anywhere else, and is rumoured to be making approaches to the Syrian authorities in order to move to Damascus.

He repeated his call for civil disobedience during the month of Moharram, when Shi'ites mourn the death of Mohammed's grandson Hossein. Moharram is also the anniversary of the 1963 uprising, which led to the Ayatollah's exile, first in Turkey, then in Iraq, and now in France.

He gave his full backing to strikes in the oil industry, but said that oil supplies to the West would be guaranteed when the Islamic state he proposed was set up. An Islamic government would recognise the legitimate rights of foreigners in the country, he said, but it would not allow them to "plunder our national resources."

The Ayatollah hit out against the Soviet Union, which he counted among countries considered harmful to Iranian interests. Communism, he said, had no significant base in Iran, and Communist countries would not be permitted to intervene in Iran's affairs.

They rejected any form of compromise with the Shah. His comments on the political, social and economic policies of an Islamic republic, however, remained vague. But he denied that he favoured reversing land reform. Land, he said, would never be returned to the former landowners, since they had acquired it by means contrary to Islamic law and had never paid their religious dues.

He also made clear that religious minorities would be given guarantees of the right of worship and representation, as under the present constitution.

The establishment of a republic according to Islamic law, he was confident, would be supported by the Moslem world as a whole. He had, however, no direct contact with other Moslem states, and rejected a report of links with the Libyan leader Col. Muammar Gaddafy.

Japan flights hit by strike

By Charles Smith

TOKYO, Nov. 29.

JAPAN AIR LINES cabin crew, who struck last week in support of a claim for a year-end bonus payment equivalent to 5½ months wages, have stopped work again this week in protest against alleged attempts by management to prevent workers from joining their unions.

JAL was expected to have to cancel 80 per cent of 142 domestic and international flights today, losing up to $4.5m worth of revenue. During three days of strikes last week the airline cancelled an average of 50 per cent of its flights losing at least $8m worth of revenue.

JAL differs from most Japanese companies in having no fewer than four different unions, several of which are regarded as fairly or very militant by management. The largest union, the 11,600-strong Japan Air Lines Workers Union, which comprises mainly ground staff, has followed a relatively co-operative line.

A small leftist union called the Japan Air Line Labour Union, on the other hand, has a militant record. Both the cabin crew and cockpit crew unions are hard-line by the standards of Japanese organised labour

Amman accord on Palestinians

BY RAMI G. KHOURI

AMMAN, Nov. 29.

UPGRADING OF the Palestine Liberation Organisation's offices in Amman and close co-ordination of joint financial and technical assistance to Palestinians living under Israeli occupation are two major results from PLO-Jordanian talks, which have been held in Amman this week.

A PLO delegation of four headed by Mr. Khaled Faboum, president of the Palestine National Council returned to Damascus and Beirut last night after four days of talks with a Jordanian Government team headed by Mr. Mudar Badran, the Prime Minister. The PLO team had two brief meetings with King Hussein.

The discussions with the five-member team of Jordanian Ministers agreed on a fresh basis for political and economic co-operation between the two sides. This was reported in the joint communique issued by the official Jordan news agency. Both sides promised not to interfere in the domestic affairs of the other, and reaffirmed that the PLO was the sole legitimate representative of the Palestinians.

It has been decided to upgrade the PLO's small Amman office and to transport to Amman two PLO offices now based in Syria and Lebanon. These will have special responsibility for the affairs of the occupied West Bank and Gaza Strip, including the disbursement of financial aid.

Both sides agreed to channel all assistance to the occupied territories through Jordanian and PLO committees, in order to co-ordinate assistance plans closely to avoid duplication or competition.

The atmosphere surrounding this week's talks was unusually cordial. The attention shown to the Palestinians indicates a new cordiality and frankness in Jordanian-PLO ties that was confirmed by the communique's joint rejection of the Camp David arrangements for the West Bank and Gaza.

The Jordanians have rejected long-standing Palestinian demands to station commandos in Jordan and even to assert a measure of authority over Palestinians who carry Jordanian passports. The PLO has accepted Jordan's firm rejection of these demands as final, and the dialogue is proceeding on the basis of attainable goals and practical co-ordination.

World Bank aid for Pakistan

BY CHRISTOPHER SHERWELL

ISLAMABAD, Nov. 29.

THE WORLD BANK has expanded its support for the exploitation of oil resources in developing countries by extending its involvement to Pakistan. The Bank is already providing loans for oil and gas development in India, Thailand, Turkey and Zaire, and others are due to be considered in the near future.

The latest example of the policy, which aims to promote foreign private investment in the petroleum sector of developing countries, is the recent agreement between Pakistan's Oil and Gas Development Corporation (OGDC) and the Gulf Oil Corporation of America. The World Bank says it will consider providing finance and helping to arrange other financing for any oil and gas production that may result from exploration carried out under the agreement.

Gulf is known to be pleased with the World Bank's involvement, in effect as a "silent partner." Gulf will pay 85 per cent of the cost of the exploration programme, but any commercial discoveries will be developed on a 50-50 basis with OGDC.

The World Bank also has under consideration a $30m soft loan to be made through its International Development Agency (IDA) for the development of the Tut oil fields in Pakistan. If approved, the funds would be in addition to some $8m from Canada and $12m from Britain. Part of this money would be used to firm up the initial estimates of the Dodhak oil field reserves.

Although Pakistan is an oil producer it is far from self-sufficient. Oil imports cost the country over $400m a year, equivalent to about one-third of its total export earnings. Imports stood at $58m a year before the rise in oil prices in 1973 and are a major contributor to Pakistan's persistent trade deficit and thus to its balance of payments and loan repayment problems.

OIL EXPLORATION IN EGYPT

The prospects that follow peace

BY ALAN MACKIE IN CAIRO

INCREASED OIL production should play a crucial role in Egypt's economic development over the next decade. Together with foreign aid, workers' remittances and the Suez canal, expansion of the oil sector will help revitalise the economy. Last year oil production was worth $750m and by the end of 1978 production should be running at 550,000 barrels a day compared to 412,000 in 1977 and 315,000 in 1976.

But Egypt's hopes of reaching the elusive oil production target of 1m barrels per day, originally scheduled for 1980, has now been put back to 1982. This is because the Israeli presence in Sinai has hampered exploration and it could now be nearer 1985 before the target is hit.

So the red line on the map of Sinai, linking el Arish near Gaza in the north to Ras Mohammad at the southern tip of the peninsular, which marks the first phase of the Israeli withdrawal in the event of a peace settlement, is of particular interest to the Egyptian General Petroleum

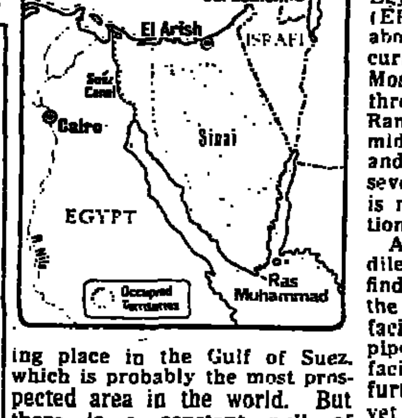
EGPC has meanwhile anticipated a settlement by concluding two prospecting agreements in occupied Sinai on the understanding that they become operational as soon as the lands are evacuated.

The first was in late October with the American company Conoco for an 866 square kilometre concession in the QA basin in southern Sinai. The second was a 700 square kilometre concession which was taken by British Petroleum adjacent to the Conoco concession, stretching round it, and down to Ras Sabil.

Conoco has undertaken to spend $53m over 10 years and pay a signature bonus of $5m. BP has agreed to spend $19m over eight years and pay a $3m signature bonus.

EGPC will also soon be auctioning 15 lots covering 18,000 square kilometres in the northern sector of occupied Sinai, adjacent to 12 similar lots which were auctioned in 1976, soon after the second disengagement treaty made them available. EGPC is also considering preparing lots for auction in the hinterland behind the Belayim and Abu Rudeis oilfields.

The return of Sinai is extremely important for the development of Egypt's Oil industry. Intensive prospecting is taking place in the Gulf of Suez, which is probably the most prospected area in the world. But there is a constant pull of interest towards the east coast which the Israeli presence is blocking. This is particularly frustrating for Amoco, which is prospecting along the median line off Ras Al Tur, where the Israelis late last year announced a good oil strike.



Amoco drilling ships have on several occasions run foul of Israeli patrol boats for straying across the line. The most serious incident was in September, 1978, when a particularly blatant piece of gunboat diplomacy led to an official American rebuke. The most recent brush was in the spring this year.

Hitting a target of 1m b/d is one thing; maintaining it is another. To do so, it is estimated prospectors would have to come up with one 100,000-150,000 b/d producer every three or so years, to make good depletion in existing fields. Given the highly localised and prolific nature of oil bearing rock strata in the gulf, this is not improbable. Existing finds, which have yet to be exploited, bring Egypt within striking distance of the target.

The most interesting to date is a find by a consortium headed by Deminex and including Shell Mex and BP; offshore from the north eastern coast of Sinai, it had a pay zone of 1,100 feet, which is easily as good as any previous find. Eventual production could be as much as 150,000 b/d.

Deminex has until next June to decide whether to put the well into production, as present the results are still being evaluated. A major factor in the cost analysis is the absence of any onshore facilities in the vicinity of the find, so Deminex will have to decide whether the $100-150m capital investment needed to provide them is worth it. The well is fairly close to shore.

Deminex's intentions are important because the more production facilities that come on stream, the easier it is to develop marginal deposits.

At present the only significant producer is the Gulf of Suez Petroleum Company (GUPCO), a joint venture between the Egyptian Petroleum Company (EPC) and Amoco. It produces about 75 per cent of Egypt's current 550,000 b/d production. Most of its production is from three fields: Morgan, July and Ramadan, all roughly in the middle of the Gulf of Suez. July and Ramadan are good for several more years, but Morgan is now being given water injections to maintain pressure.

Amoco is facing the same dilemma over facilities with a find offshore from Ras Gharib on the west coast. It can build new facilities at Ras Gharib or run a pipeline down to its existing facilities at Ras Shuqair. A further find on the east coast has yet to be developed.

As important decisions are taken on expanding production in the Gulf of Suez, the prospecting picture for the rest of Egypt is obscure. Finds from the Western Desert have so far been disappointing, but industry sources point out that "there is an awful lot of desert."

To encourage flagging interest in the rest of Egypt, EGPC is increasing the cost recovery ratio for future concessions from 40 to 60 per cent. The cost recovery excess, formerly due exclusively to EGPC, will now be shared equally with the prospecting company.

Commercial quantities of gas have been found in the Mediterranean north of Alexandria. The Abu Qir field is to come on stream before the end of the year, providing an important extra source of energy for industry, and Egyptian officials say another important find has been made nearby. In anticipation of plentiful cheap gas, the Egyptian authorities propose laying down a natural gas pipe network in Maadi, Helwan, Heliopolis and Nasr city, in the outskirts of Cairo. British Gas Corporation recently won the consultancy contract for this multi-million dollar project.

S. Africa fines Rennies' men

By Bernard Simon

JOHANNESBURG, Nov. 27.

FIVE SENIOR executives of Rennies Consolidated Holdings, South Africa's largest transport conglomerate, which is controlled by Jardine Matheson, of Hong Kong, were today heavily fined by a Johannesburg court for contravening foreign exchange control regulations.

The men who include Rennies' former president and a leading socialite, Mr. Gordon Rennie, were fined amounts ranging from R14,500 to R90,000 (£8,600 to £54,000) or five years' imprisonment. The court was told that the executives had received directors' fees in foreign currencies from overseas' subsidiaries of Rennie's group, and had failed to declare these earnings to the South African Treasury.

The exception of Mr. Rennie, who resigned as president of the group three months ago, all the convicted men are still employed by Rennie's. Earlier this year, the company's chief executive, Mr. Charles Fiddian-Green, was also sentenced to a heavy fine for infringing the exchange control laws.

Consumer goods for Lusaka

By Michael Holman

LUSAKA, Nov. 29.

SOUTH AFRICAN consumer goods valued at more than £3m will arrive in Zambia over the next few weeks, according to businessmen in Lusaka. The goods will be carried on the reopened southern rail route through Rhodesia.

Zambia's state-owned National Import and Export Corporation will import the items, which include dried milk and other dairy products, fish and soap, on 60-day credit terms. A further £750,000 will be spent on edible oils.

The first consignment is expected to be in the shops in a few days, thus easing the shortages of many basic commodities before presidential and general elections on December 12.

Zambia imported £24.8m of South African goods last year. Trade with the republic reached a peak of £49m in 1968, but dropped sharply when the Rhodesian border was closed in January 1973.

Fraser reshuffle reports

BY OUR OWN CORRESPONDENT

SYDNEY, Nov. 29.

THERE ARE strong suggestions in Canberra that the Australian Prime Minister, Mr. Malcolm Fraser is planning a reshuffle of Ministerial portfolios in his Cabinet. Reports to this effect have spread as Mr. Fraser has met Ministers over the past few days, for discussions on their future.

Mr. Fraser is due to leave for a visit to Jamaica and the U.S. on December 18 and apparently wants to have seen all his Ministers by December 15. One of the biggest changes rumoured would be to split the present portfolio of Employment and Industrial Relations, held by Mr. Tony Street.

Unemployment is a sensitive issue among backbenchers because it is at record levels and will rise soon when school leavers join the workforce. Mr. Street is tipped to retain the employment section in an upgraded form with industrial relations going to another Minister.

Among other mooted changes are the transfer of the Attorney-General, Senator Durack to administrative services and the restoration to the portfolio of Mr. Ellicott who resigned last year from the Ministry. There is also talk that Mr. Philip Lynch, a former treasurer, may move over from the portfolio of Industry and Commerce to special trader representation.

Australia gas promise

By James Forth

SYDNEY, Nov. 29.

THE Australian Ministry for National Development today announced a series of measures designed to encourage the use of liquefied petroleum gas (LPG) instead of petrol before traditional oil supplies run out.

At present Australia draws about close to 70 per cent of its petroleum requirements from locally produced crude oil, mainly from the Bass Strait oil-fields off the Victorian coast, which are expected to run down sharply from 1980.

There is, however, plenty of LPG available, in the Bass Strait and in the large natural gas fields off the north west continental shelf of Australia.

DO YOU HATE YOUR COMPANY CAR?

The trouble with driving a company car is that you have to drive what you are given.

And what you are given may not be entirely to your liking.

Especially when everyone else in your position seems to be driving the identical German-made, Italian-styled, British-named executive saloon.

Not that they're anything but fine cars. But if you'd wanted to be part of a fleet, you'd have joined the Navy.

The problem is, how do you persuade the company that your feelings towards your car are not hopelessly irrational?

Obviously, you must provide a rational alternative.

Which brings us neatly to the Audi 100.

LOVE AT FIRST SIGHT.

Like most people, you've probably admired the Audi 100's sleek, purposeful shape.

But, as with everything about an Audi, there is reason behind the styling.

The body is built around our unique Timoshenko girders, with long crumple zones front and rear barring the way to a rigid steel passenger safety cell.

And its steering and braking system will keep the car on course if a front wheel skids or punctures.

The interior is quietly opulent with plush upholstery, thick carpeting and all the other trappings of a prestige car.

We've even tuned the seat springs so that they work in harmony with the suspension. And the 'acoustic sandwich' lining the floor absorbs as much noise as a six inch thick brick wall.

But we haven't provided you with all this luxury for its own sake.

The quieter the car, the less there is to distract you from your driving.

And the thick padding that surrounds you is there to protect as well as comfort you.

So if your company values your life as highly as it values your services, there's no safer car it can give you.

A UNIQUE PROPOSITION.

In one respect at least, the Audi 100 is unlike any other car made.

Its engine has five cylinders.

The reason for this odd configuration is something that will gladden the heart of your company accountant.

It is as quiet and smooth as a six cylinder engine but simpler and less thirsty.

And by designing out components such as cam-rods and jackshafts, we eliminated vulnerable wearing parts and reduced the amount of servicing the car requires.

In fact, going by manufacturers' figures, the five cylinder Audi 100 needs less than half as many hours servicing as the Rover 2300.

Your company will find that facts like these make sound business sense.

IT COSTS LESS THAN YOU THINK.

A five cylinder Audi 100 costs between £5,492 and £8,564 according to the model you choose.

Figures, you will notice, that compare very favourably with prices of other cars that, in our humble submission, do not offer you nearly as much.

But the final ace in your hand could be that the company doesn't even have to buy the car for you to drive one.

By leasing, you could drive away in a new Audi 100, by the simple expedient of your company paying £777, i.e. three months charges in advance.*

Thereafter, you pay a monthly rental (that can include all maintenance costs).

And by setting the entire cost of leasing against tax, the real cost of the car comes down by half, which eliminates any worries your accountants may have about depreciation.

If this advertisement has only served to increase your discontent with your present company car, we apologise.

But if you can use it to good effect, you'll end up with a car that you'll love.

YOU'D LOVE A NEW AUDI 100 Audi

Please send me details on buying or leasing an Audi 100.

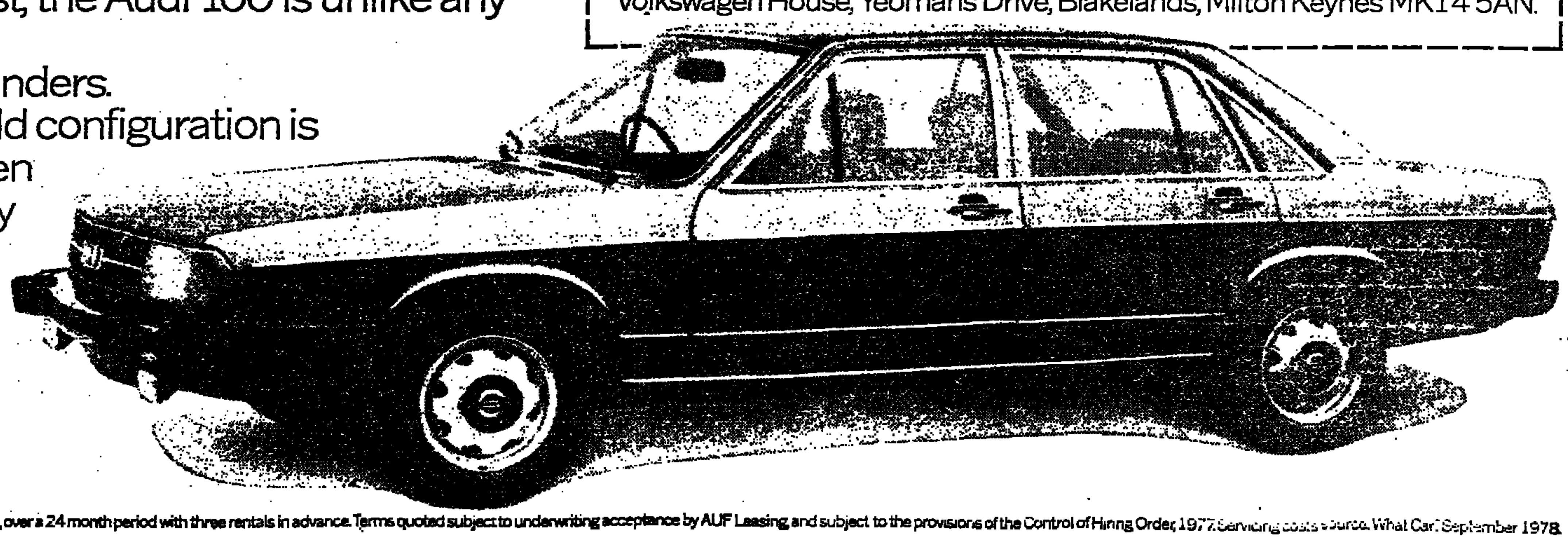
Name ______________ Position ______________

Company ______________

Address ______________

____

Cut out and send to Audi Marketing Department, Volkswagen (GB) Ltd., Volkswagen House, Yeomans Drive, Blakelands, Milton Keynes MK14 5AN.



Costs quoted above are calculated on an Audi 100L5S costing £5492, over a 24 month period with three rentals in advance. Terms quoted subject to underwriting acceptance by AUF Leasing and subject to the provisions of the Control of Hiring Order, 1977. Servicing costs source: What Car, September 1978.

BL likely to regain lead in UK market

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

FORD MOTORS' share of the UK car market is likely to fall below 6 per cent this month, in the wake of the damaging nine-week strike.

Estimates within the industry for sales in the first 28 days, suggest that BL Cars has become a clear market leader with a 30 per cent hare. Ford gained only 5.8 per cent. Both Chrysler and Vauxhall have a lstoaken advantage of the Ford position, pushing sales to beyond the 10 per cent mark.

Imports are slightly higher than last month, at just over 52 per cent. Total UK registrations, at little more than 90,000, are very similar to October last year, which suggests the absence of Ford models has taken some of the impetus out of a buoyant market.

Ford said last night that it could not hope to move back towards its normal 25 per cent market share until the New Year.

Total stocks within the dealer network had fallen to only 1,500 just before the end of the strike last week. Production would take some time to build up to normal levels, and plants were due to shut for the Christmas break from December 20 to January 2.

About 15,000 imported Ford vehicles, bottled up at ports because of sympathetic action by dockers, are now being released. Ford cannot make up the shortfall b ya rapid increase in imports. Though the Granada and Capri models are imported, the Escort and Cortina which are the high sale cars, are supplied from the UK.

It will take some time for the distortions introduced by the Ford dispute to work through, but December is traditionally a slow month for cars. Manufacturers will clearly have their eyes on the New Year market.

The performance by BL should help to raise morale within the State-owned company. Particularly encouraging is the performance of the Rover saloons, which are expected to gain a 2.5 per cent share of the market this month. This would put Rover among the top 10 best selling UK models, a notable achievement for a high-cost prestige car.

● Datsun has appointed Malcolm West Plant Hire, a Hull-based subsidiary of Allied Plant Group, as its first UK distributor of fork lift trucks. A demonstration model was displayed yesterday at the opening of the group's new depot at Immingham, Humberside.

A further 20 trucks are on their way from Japan, mostly of 4,000 lb, 5,000 lb and 6,000 lb capacity with diesel engines and automatic transmission, but including some smaller battery operated machines.

Cash threat over foreign students

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

UNIVERSITIES are being threatened with a cut in their finances if they do not restrict the admission of overseas students in line with Government policy.

The universities, which account for 42 per cent of the 80,000-plus foreign students in State further education, have been resisting Government pressure to help reduce the total to 67,000 by 1980-81.

They have now been told by the University Grants Committee that unless cuts are made in overseas admissions—whose costs are about 65 per cent subidised by UK taxpayer—there could be "a serious long-term effect on the total money available to universities."

Although some of the autonomous institutions have seemed willing to show restraint, the trend has been for more and more foreign students to come in. One reason may be the universities's keenness to fill all places, some of which, especially on the science side, would otherwise be left empty because of the failure of home demand to grow in line with Government predictions.

The financial threat, which clearly has the support of Mrs. Shirley Williams, Secretary for Education and Science, will be resented by university staff as an invasion of their academic freedom.

It will also be loudly opposed by the National Union of Students, which maintains that any reduction in overseas admissions will mean a loss of educational opportunity to deprived youngsters in poor countries.

On the other hand, a check by the British Council in 1976-77 showed that of the total overseas students in State-subsidised further education, 14.4 per cent came from Malaysia, 11.1 per cent from Iran, 6.7 per cent from Nigeria, 5 per cent from Hong Kong, and 4.2 per cent from the U.S.

In addition, it is believed in official quarters that, even where foreign students do come from poor countries, they tend to be from those countries' richest families.

Company reports 'too complex'

By Eric Short

THE PRESENT form of presenting company reports it too complex for the individual shareholder to understand, Mr. Ron Artus, joint investment manager of the Prudential Assurance, said in London yesterday.

Addressing the conference of the City and financial group of the Institute of Public Relations, he suggested that companies should prepare their reports in two stages.

A simpler version should be produced for the private shareholder, with a full report, as at present, being available on request.

Mr. Artus, giving the investment manager's view of shareholder communications, drew attention to the influence of the investment manager in the development of companies providing information to shareholders.

Equal access

Because of the decline in importance of the individual, companies had tended to concentrate on establishing and improving their relationship with investment managers to the relative neglect of serving the individual. It was now time to give greater attention to the needs of the private shareholder.

The annual general meeting of a company was the one occasion of the year when all shareholders had equal access to the management. Such meetings should be made more interesting and attractive and then they would be better attended.

They could be an opportunity to show the activities of a company, for instance through films specially made for the purpose.

RELAXED AND smiling, former U.S. president Richard Nixon flew into London yesterday to address the Oxford Union. It is Mr. Nixon's first trip to Britain since the Watergate scandal drove him from office four years ago.

Mr. Nixon, who is to talk on foreign affairs today, was met at the airport by Mr. Kingman Brewster, U.S. ambassador, although officials insisted that his visit was private. The former President was also greeted at the airport by Col. Gordon Maxwell of the Foreign Office and Mr. Jonathan Aitken, Tory MP for Thanet East, representing the Speaker.

Mr. Nixon flew to London after facing a three-hour questioning by French television viewers during the phone-in. He faced many questions on Watergate, occasionally becoming emotional.

But he said that if there had been no Watergate scandal the Communists might not have taken over in South Vietnam, Congress would have passed his energy programme and doubts would not have been raised over the U.S. Middle East policy in 1973.

Mr. Nixon has spent much of the last four years writing his memoirs on his San Clemente estate. His only previous foreign trip since he left office was to China as a guest of Chairman Mao in 1976.

The Foreign Office said yesterday there were no plans for Mr. Nixon to meet anyone in the Government during his visit but it is known that he would like to renew his acquaintance with Mr. James Callaghan, the Prime Minister, whom he last met at the White House before Watergate. He has also said he would like to pay an informal visit to Mr. Harold Macmillan, the former Tory Prime Minister, before leaving on Friday.

New regulations protect insurance buyers

BY ERIC SHORT

PEOPLE WHO sign certain life assurance contracts will in future be able to change their minds within 10 days and have their money refunded by the company without incurring any penalty. This is the main effect of the regulations laid before Parliament by Mr. Stanley Clinton Davis, Parliamentary Under-Secretary for Companies, Aviation and Shipping, and published yesterday.

Under these regulations, which come into force on January 1, 1980, life companies and other long-term insurers, will have to send customers, at the time of buying a policy, a notice which will remind them of their obligations and advising them of the 10-day "cooling off" period. During this period, the customer will have the right to cancel the contract.

These notices have been made as simple as possible. They try to focus attention on the main features of the contract, partly by explanation, and partly by posing questions for the individual to consider. They will highlight such points as the amount and frequency of the premiums, the benefits provided and the surrender rights. Different forms of notice will be required for ordinary life contracts and linked life business.

The Insurance Companies (Notice of Long-Term Policy) Regulation 1978 (SI 1978 No. 1304) SO price 32p net.

British Rail takes over Manx Line company

BRITISH RAIL has acquired control of James Fisher and Sons (Isle of Man), owners of the Manx Line. The Douglas-Heysham ferry service will now me operated as a joint venture.

The company is to change its name to Manx Line Holdings, which will be a subsidiary of British Rail. The Stock Exchange has been notified about the change of control, the company said yesterday.

British Rail would not disclose the figure involved in the transaction, but said the board had acquired a 60 per cent interest. The joint venture would provide expertise to strengthen the resources of the Manx Line.

ALAN PIKE REPORTS ON THE DISAPPEARANCE OF A BRITISH INSTITUTION

Time runs out for The Times

THIS MORNING'S edition of The *Times is likely to be the last for* an indefinite period which could possibly run into months.

The last edition of its sister paper, the Sunday Times, has already been published and the three Times supplements will also disappear from the bookstalls.

Newspapers are such a special product that much recent commetn has naturally been concentrated on the disappearance from sale of an institution in British life.

In more basic industrial terms, however, it would be equally remarkable for a big employer in any sector of industry to announce the closure of his operation until he reached agreement with unions on future working arrangements.

On April 26, Mr. "Duke" Hussey, chief executive and managing director of Times Newspapers, wrote a long letter to print union general secretaries condemning the "crippling" effect which unofficial industrial disputes were having on production of the company's publications.

In the first quarter of 1978, 7.7m copies — 20 per cent of total output — had been lost, said Mr. Hussey.

The position has not improved since the letter was written and total issues of the The Times alone this year run at about 4m copies, with the higher-circulation Sunday Times suffering more than double that total.

Proposals

Mr. Hussey's letter outlined a series of proposals on which the company was demanding agreement in an effort to assure the "absolute continuity of production."

Among the management's demands was a new "fast-acting and effective disputes procedure," the lifting of arbitrary restrictions, an end to unofficial industrial action and a general wage restructuring "based on new technology and systems and on efficient manning levels in all departments." All negotiations, said the company, must be completed by November 30.

The list of reforms spelt out in Mr. Hussey's letter was, to put it mildly, an ambitious one for an industry where industrial relations practices have often been slow to change. His most remarkable point, however, was reserved for the penultimate paragraph.

"Finally, therefore, I have to *tell* you that it is the firm decision of the board of Times Newspapers that, if it is not possible to negotiate a joint approach to resolve these problems and if disruption continues, publication of all our newspapers will be suspended. Suspension will last until we are wholly satisfied that publication can be re-started on a basis of reasonable staffing, efficient working and uninterrupted production."

Uninterrupted production did not result and Mr. Hussey repeated the warning that publication would be suspended in a letter sent to all 4,250 staff in July. From the moment that Mr. Hussey sent his initial letter there began a period of intense speculation about whether the company would actually go ahead with the threatened suspension.

Some speculated that it would not, and even this week they were waiting for a last moment intervention from the Prime Minister or the TUC which might win a reprieve.

One man who says he has never been in any doubt that the suspension of publication was seriously meant and would take place is Mr. Joe Wade, general secretary of the National Graphical Association, the leading craft union in the printing industry.

Two months after Times Newspapers had sent its ultimatum to the unions, Mr. Wade was in the Isle of Man for the NGA conference.

Both inside and outside the conference hall NGA members, who feel most vulnerable in the face of technological changes like those Times Newspapers wants to introduce, made it clear that they would not surrender their control over the composing process to other staff.

New computer-based technology abolishes the need for NGA work as carried out in conventional composing rooms. Some newspapers have converted to new technology with NGA members retaining exclusive control of the "key strock"—the input of editorial and advertising material to the computer-based composing system.

Times Newspapers says, however, that its needs require eventual input by journalists and advertising staff as well. Although Times Newspapers has given a clear undertaking that the transfer to new technology will be achieved without compulsory redundancy, the NGA is determined that its control over inputting is a principle on which it will never surrender.

The union fears that once conceded, the principle will soon spread elsewhere in the newspaper industry and its members' already vulnerable position will become hopeless.

Print union leaders repeatedly stress that they are not opposed to new technology as such—"We are not Luddites" is a frequent quotation — provided they are satisfied with the nature of its introduction.

But when Mr. Wade says that the NGA will "fight to the bitter end" on the keystroke issue he does so as a thinking man aware of the possible implications of his words.

In these circumstances the NGA decided earlier this month that it would not hold any negotiations with Times Newspapers under threat of suspended production. The union's leaders have made it clear that, even if a formula for resuming talks is eventually found, they will not move from their position on new technology.

Stalemate is thus the only word to describe the aspect of the proposed Times Newspapers reforms which contain the greatest implications for the rest of the industry.

By comparison, the company has made greater progress in other areas. As the November 30 deadline drew near print union general secretaries, minus Mr. Wade, met management and agreed to accept its new disputes procedure. It is now being considered by union executives and then has to go for approval to branches and chapels (office union sections).

If the procedure is agreed at all levels and can be made to work, union leaders like Mr. Owen O'Brien, general secretary of the National Society of Operative Printers, Graphical and Media Personnel, agree with Times Newspapers that it should offer the company the continuity of production which it is seeking.

Negotiations

While negotiations on these wide issues have been in progress with national union leaders the company has been engaging in complementary talks with each section of its staff seeking new agreements on wages and conditions in individual chapels.

Only two such agreements have yet been reached, one with circulation representatives and the other with Sunday Times journalists. Agreement is apparently in prospect with some other groups and the company hopes that these will continue after the suspension of publication.

Inevitably, however, the suspension will sour such goodwill as exists. The NATSOPA executive, for instance, is meeting on Monday to decide whether it should continue talking to the company if publication is stopped.

Notice to staff will depend upon their terms of employment —four months for journalists and between a fortnight and three months for other staff— but individuals of chapels accepting the management's new terms will not receive notice of dismissal.

Mr. Harold Walker, Minister of State at the Department of Employment, warned in the Commons that the suspension could lead to some "very difficult legal problems" in such areas as redundancy pay.

The question to which no one has accepted to give a direct answer is how, if the suspension takes place and the NGA does indeed fight to the bitter end, production of Times Newspapers is likely to resume.

Strength of the parent company

BY RICHARD LAMBERT

A KEY ELEMENT in the approach of Times Newspapers' management to the problems of the newspaper company is the enormous financial strength of its parent, International Thomson Organisation.

Financial responsibility for The Times was moved from the Thomson family to the Thomson Organisation this July. Shortly afterwards it moved again, to the International Thomson Organisation, a new company registered and incorporated in Canada into which the UK holding company and certain family interests were absorbed this autumn.

International Thomson wants to use these funds to secure a stable source of earnings in future years when earnings from oil holdings drop as the oil starts to run out. It has promised to commit very substantial funds to investment in the UK, and has said that the future of The Times is assured "providing that the necessary co-operation, effort and goodwill is forthcoming from all who work on the newspaper."

However, International Thomson is not obliged to invest its surplus cash in the UK. As a Canadian corporation, it can look at opportunities all over the world free from the constraints of UK exchange controls.

Its management holds two very strong cards in relation to the current problems of The Times.

With the corporation's substantial, and growing, liquid resources it can face up to the threat of a prolonged stoppage without having to worry about immediate financial pressures. Or, at some stage, it can decide that Fleet Street is a hopeless case and concentrate its new investment somewhere else.

It's most profitable asset is is share in two North Sea oil fields, Piper and Claymore. The oil interests will account for £31m of the £45m after-tax prifits expected by the corporation in the year ending next month, and oil earnings are likely to hit a peak next year as Claymore reaches maximum production.

As a result, the group is now generating very large cash surpluses. In June this year its liquid funds exceeded £100m, of which maybe a third was being held in reserve for unpredictable snags in the North Sea.

Next year the oil side could generate surplus cash totalling as much as £50m, and the rest of the business—notably the buoyant travel side—could produce another £10m or more.

Thames to make series on China

BY LISA WOOD

THAMES TELEVISION, after three years of negotiations, is to make a six-part documentary series on China. It is expected to cost £1.5m, and researchers and film units will start work early next year.

The deal, agreed in Peking by Mr. Howard Thomas, chairman of Thames, and Tan Chen-Lin, vice-chairman of the standing committee of the National People's Congress, might lead also to Thames programmes being sold to China.

The Thames series will probably be broadcast in 1981 and include a programme on Chinese medical treatment.

Mr. Thomas showed the Chinese a portfolio of Thames productions, including documentaries, educational series and music programmes. The Chinese have asked to see more, including comedy shows and light entertainment.

The company hopes that their interest might pave the way for sales to China. Mr. Thomas said: "Thames is the first ITV company to visit China and I hope that one of our programmes will be the first British production seen by the Chinese television audience."

The Chinese Embassy in London, asked about possible television audiences in the republic, said: "About 15m people."

An invitation from Mr. Thomas for Chinese technicians to visit Britain to study Thames production and engineering departments was readily accepted by the Central Broadcasting Administration, which is keen to improve its television technology.

During the five-man Thames visit to Peking, Mr. Tan said that television in China was still very backward. China hoped to learn much from Britain.

Lloyd's urges members to back new building

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

MEMBERS OF Lloyd's of London are being urged to accept a £45m redevelopment scheme at the insurance market's Lime Street site in the City of London.

Voting by the 15,500 members closes at mid-day tomorrow.

The committee of Lloyd's is unanimously recommending the scheme, which involves demolition of the market's former trading floor on the east side of Lime Street and the building of a 500,000 sq ft office and trading complex.

The committee has told members that it would take at least £19m to carry out a limited refurbishment of the 1928 building, and that even after the work the building would have only a limited life.

The committee also argues that a limited scheme would not be ideal as, "serious disruption of the market could not be avoided as a result of underwriting being carried out in two buildings."

Instead of a limited redevelopment the committee is proposing that members accept designs submitted by architects Piano and Rogers for a new trading floor, which is designed to expand from 100,000 sq ft up to 150,000 sq ft as additional capacity is needed.

The rest of the 500,000 sq ft building would be used for offices. And as Lloyd's recently moved the bulk of its administrative staff to new offices in Chatham, a substantial part of this new office space will be available to be let commercially. The current trading floor and offices released by the new development would also be available to be let.

Lloyd's proposes to finance the redevelopment from short-term borrowings and from its own revenue. No special levy of members is proposed.

The members' decision is expected to be known by 3 pm tomorrow, and, if it is in favour of the scheme, work could start on the site next spring and be completed by 1986. The committee is in "detailed negotiations" with the City Corporation's planning committee. But it cannot press for detailed planning permission until the result of the poll is known.

Post Office plans telephone shops

BY JOHN LLOYD

IN AN effort to liberalise marketing procedures, the Post Office is shortly to open "phone shops" to display its range.

It is also believed to be negotiating with Thorn Ericsson for the supply of two new telephone modules, possibly manufactured abroad.

In the longer term, the Post Office wants to move to a "jack plug" system in which customers would be provided with a socket into which telephones would be plugged. They would then be able to take their phones with them when moving house.

The moves mean that the Post Office will be competing directly with the growing "black market" trade in telephones, wheer phones with jack plugs are sold for illegal interconnection with the Post Office system.

The shop plan was approved recently by the Post Office Board. It is aimed at meeting demands by consumers for a wider choice and to head off increasing calls for the monopoly over the supply of equipment to be ended.

However, the Post Office said last night that there was no question of its general monopoly of supply of subscribers' apparatus being breached.

The corporation wants to establish 40 telephone shops in large cities in the next two years, and 60 over five years.

Customers wishing to change their present telephone for a different model, or new subscribers wishing to choose one of a range of phones, will be able to visit the shop and order a model, which will be supplied and connected in the normal way.

The difficulties of bringing in a jack plug system for 12m domestic subscribers, increasing by 1m a year, as well as business customers, are enormous. The corporation, however, believes that the exercise would increase sales and calls.

Significant steps have been taken away from the more rigid features of the monopoly, with the provision of the Mickey Mouse and Classic telephones, which, connected and approved by the Post Office, are promoted by the suppliers.

The chief suppliers of telephones are General Electric, Plessey and Standard Telephone and Cable. However, the Post Office has been negotiating with Thorn Ericsson for the supply of two new models, which may be made in the Ericsson factories in Sweden.

Although novelty telephones cost subscribers a substantial extra premium, the corporation says that they are proving popular.

Consumer groups seek legislation

By David Churchill, Consumer Affairs Correspondent

ATTEMPTS BY manufacturers to discourage retailers from selling rival products should be prevented by legislation, said three consumer organisations in a joint statement, yesterday.

The bodies—the Consumers' Association, the National Consumer Council, and the National Federation of Consumer Groups —were commenting on the Government's Green Paper on monopolies and mergers policy, published earlier this year.

The groups welcome the Green Paper's conclusion that consideration should be given to dealing with "certain uncompetitive practices outside the scope of monopoly policy." These include restrictions on the sale of competitors' goods, trying the sales of one product to the sale of another, and forcing dealers to carry a full range of a particular manufacturers' products.

"Many uncompetitive practices of this type are clearly against public and consumer interest, and we believe they should be regulated by law, rather than be indentified and outlawed in each case where they occur," says the statement.

They also make a case for enabling people, harmed by uncompetitive practices, to sue more easily for compensation. And the statement calls for legislation to enable consumer organisations to take civil actions in courts on behalf of people who have suffered a loss.

Shell gives small businesses pledge

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

SHELL UK'S commitment to help small companies was formally announced yesterday, when an executive said the company believed that "a flourishing small firms' community is good for the UK economy, and for the country, and, therefore, good for us."

This marked the launching of a series of initiatives which are to be taken by major companies during the coming months to help small firms.

The companies include Shell, Marks and Spencer, BP, IBM, British Oxygen and Tesco as well as the Industrial and Commercial Finance Corporation and the London Chamber of Commerce.

The review said new small businesses accounted for the majority of the net increase in employment in the East Midlands between 1948 and 1967.

Shell is now completing various plans for helping small companies. It helped to launch a new business competition in Durham earlier this week and is already seconding staff to help some small enterprises. Other initiatives include providing former petrol stations and other spare land for industrial development and ensuring that Shell pays its bills to small companies on time.

Shell's statement was made by Mr. Louis Walker, the company's public affairs director who heads a project called the Shell Small Business Initiative. He is also playing a leading role in forming an organisation to help small firms called the London Enterprise Agency.

Mr. Walker was yesterday launching a review of recent research called Small Firms in Cities, carried out for Shell by Mr. Graham Bannock of the Economists' Advisory Group.

The review shows there is both smaller birth and death rate for small companies in the UK than in most other countries.

In addition, more small firms are created in areas of high employment growth and prosperity, such as the East Midlands.

"Small business itself seems to provide the best training ground for the next generation of business founders. Small companies benefit to an important extent from the external economies which are to be found in clusters of businesses, both among large organisations which provide opportunities for subcontracting, and among other small companies which act as specialist suppliers, competitors and customers," says the review.

New strip steel line at Sholton

A NEW line producing galvanised strip steel at the British Steel Corporation's Shotton Works, in Clwyd, has exceeded its capacity by 1,000 tonnes in the third week of its operation.

The line, one of three in a £44m complex now reaching completion, produced 5,800 tons of coated strip last week.

Mr. John Powell, the works director, said the unit was "world class, with international manning levels."

Order against Kent students

AN INJUNCTION restraining Kent University's students' union from making "political" donations, including half the £20 fine imposed on a picketing bakery worker for assaulting police, was granted by the High Court yesterday.

The order, gained by the university's branch of the Federation of Conservative Students, bans the payments until next Tuesday. Meanwhile the union executive will test student opinion on the issue before deciding whether to contest the ban.

Duke backs safety probe

THE Duke of Edinburgh and Tory leader Mrs. Margaret Thatcher are backing a campaign, launched yesterday, to save motorcyclists' lives.

A team of scientists is to investigate whether some crash hemets are less safe than others. Three in five motorcyclists killed in crashes die from head injuries—despite wearing helmets.

Lillie Langtry letters sold for £8,000

SALEROOM

BY ANTONY THORNCROFT

LETTERS FROM Lillie Langtry to Arthur Jones, her lover in Jersey, sold for £8,000, plus the 10 per cent buyer's premium, at Christie's yesterday. The 65 letters were recently discovered in the attic of a Jersey farmhouse by a descendent of Arthur Jones. The buyer was Mr. Alan Dunn, a London architect, bidding on behalf of a private collector.

The letters had been estimated to fetch only about £2,000 so obviously the publicity from the current television series about Lillie had inflated the price. They cover the period 1878 to 1882 during part of which time Lillie was in Paris awaiting the birth of her daughter by Prince Louis of Battenberg. They end when she started her successful stage career in the U.S.

The sale of literary and musical manuscripts and letters totalled £101,039. Otto Haas paid £3,400 for Adelina Patti's personal autograph album while 27 letters from the Belgian artist James Ensor realised £3,000. However, the top lots in the sale, autograph manuscripts by Hugo von Hofmannsthal, which had been estimated at about £30,000 and Wagner's autograph manuscript of the overture to Tannhauser, failed to find buyers.

HOME NEWS

Minister hints at help for mergers

FINANCIAL TIMES REPORTER

GOVERNMENT encouragement for certain types of company mergers and a broadening of the role now performed by the Price Commission, have been hinted at by Mr. Roy Hattersley, Secretary for Prices and Consumer Protection.

The glimpse of possible future Government policy came when Mr. Hattersley defended State intervention in the economy at the Marketing Society's annual conference, in London yesterday.

He said the time had arrived when the Government should look at each proposed company merger on its merits and in some cases it should actively seek to bring about mergers.

"It is right for Government to make the judgment whether the merger is right and proper. When it is right the Government ought to encourage, or even promote it," he said.

Those pressures could be created by the Price Commission acting as "a surrogate for market forces" and pursuing a more vigorous policy of consumer protection. Given such a partnership between government and private enterprise, competition would flourish, Mr. Hattersley said.

An anlysis of Tesco's success in substantiall improving sales, profits and its market share in the past year was given by the company's managing director, Mr. Ian MacLaurin in another speech to the conference.

Mr. MacLaurin said Tesco had decided to drop trading stamps from its stores as well as building new superstores within town centres following a study of the future for retailing and consumer spending in the UK.

2He said the reail end of the market was probably the most sensitive indicator of the state of the economy and the "revolution in affluence" in post-war Britain had transformed the entire pattern of retailing. "As disposable income has risen, however, the consumer has not only become more discriminating, she has also switched priorities."

Mr. MacLaurin said it was Tesco's realisation that consumers were moving up-market in tastes that had prompted the company to move both its image and products up-market as well.

He said: "Unless we had recognised the implications of the continuing shift in consumer spending habits—that the move up-market was no rogue trend—and unless we had recognised that we were trading with an 'image' of the past, we could well have been trapped in a kind of retail dead-end."

Fraud squad 'needs more help from accountants'

BY ANDREW TAYLOR

ACCOUNTANTS SHOULD be called in much more regularly to assist police investigations into complex and sophisticated company frauds, a former head of the City Fraud Squad said yesterday.

Mr. Tom Edwards, a former commander who retired from the police force at the beginning of this year, told auditors and accountants at a conference on corporate fraud that he would like to see a pool of top accountants available to assist fraud squad inquiries.

He said it would be in the best interests of accountants who were concerned to protect the image of their profession, to provide such a service.

The profession's expertise would be particularly valuable in unravelling some of the more complex examples of company fraud. Mr. Edwards said he hoped accountants might provide their services at competitive rates.

He did not think it practicable for accountants to be permanently employed by the police force as are finger-print experts. Investigation of fraud should be left to the police as experts.

Auditors could also play a valuable role in detecting frauds. "The last line of defence is the auditor. Adherence to auditing principles is not enough: the auditor also needs to be a detective to overcome the clever fraudsman. There is a tendency for auditors to accept the treatment given to a particular aspect of a business in previous years, as being acceptable," he said.

Mr. Edwards added that he was concerned about the jury system of trying complex fraud cases, which could result in delays. He would prefer to see a panel of assessors—bankers, auditors and the like—adjudicating on the more complex cases.

Months could be added to the length of a trial while a jury, with no experience of corporate financial matters, attempted to come to grips with the case. "I have concluded, with some reluctance, that the jury system is no longer the right method of trying these cases," he said.

The cost of delays caused by a number of factors — it can take up to five years between discovery of a fraud and final adjudication — plus the threat of unpleasant publicity, might discourage the reporting of suspicions of fraud to the police.

Safety tests for gas containers

BY JAMES McDONALD

EXPERIMENTS to test the soundness of liquid petroleum gas containers are among the first being undertaken at the Health and Safety Executive's recently-built test centre at Buxton, its annua lreport said yesterday.

The report stressed that hazardous materials are being used increasingly in industry, and the consequences of even minor leakages could be far-reaching.

Other research described concerned substances that might be released into the atmosphere and form clouds heavier than air, and efforts to reduce the risk of operators becoming traapped in manufacturing machinery.

Last year, the executive spent £8.5m on research, testing and scientific support services compared with about £6m in 1976, according to the report. "A significant number of projects" were being carried out on a shared-cost basis with industrial organisations, government departments and academic institutions.

"Health and Safety Research 1977," SO, £2.50.

British Aluminium to aid land speed bid

By John Griffiths

BRITISH ALUMINIUM, a member of the TI Group, is joining British Aerospace, British Airways and a number of other UK companies in the first major attempt to bring back to Britain the world land speed record it lost to the U.S. 1' years ago.

Its support, comprising both "substantial" financial aid and the supply of materials and skills, was announced at TI Reynolds' Birmingham factory yesterday at the unveiling of the completed, 25 ft long frame of the vehicle.

Mr. Richard Noble, a London business-man, will drive the car in the attempt to beat the 622.407 mph record late next year. The total value of the British Aluminium support was not disclosed.

The car, christened Thrust 2 is to be displayed at the performance car show in London, which starts on December 9. It will then have its engine and bodywork fitted at workshops on the Isle of Wight early in the New Year. The £½m car is the second of a three-car programme and is designed to reach 650 mph.

The third, destined for completion in 1982, is planned to take Noble, a manager with GKN Mills Building Services, through the sound barrier to 850 mph.

Microcomputers 'creating jobs'

BY MAX WILKINSON

FEARS THAT microcomputers will put office workers out of their jobs were dismissed by a Government expert yesterday.

Mr. Cecil Marks, director of Systems Training at the Civil Service College said that automation in the office had increased employment. He expected the trend to continue.

In an article in the journal Management Services in Government* he said: "The major social question is whether the widespread introduction of micros in offices will result in unemployment—particularly, for instance, their use in word processing.

"I can only speak as an individual, but I certainly do not believe that they will have this effect.

"The use of office machines, starting with the typewriter and telephone in the late 19th century, going on to calculating and copying machines in the early 20th century, and electronic computers since the 1950s, has led, so far as I am aware, to increased employment, simply because so much more office work has become necessary."

Mr Marks did not believe that if letters still had to be written out by hand, even more jobs would be available.

"I think that the more probable consequence would have been that the work simply could not, and would not, have been tackled.

"I believe that the volume of data and information processing and communication will continue to grow as the processes of trade, industry and administration grow and become more interrelated and complex and spread to new areas," he said.

That would demand exploitation of technical developments and would not create unemployment, although it would change the ways in which jobs were done.

However, Mr Marks says, care is needed in introducing microprocessor systems because of possible snags related to reliability and the cost of software (programming).

**Management Services in Government, November 1978, Civil Service Department, London, SW1. (Stationery Office)*

Library council seeks inquiry

THE LIBRARY Advisory Council for England has appealed to Mrs. Shirley Williams, Education Secretary, for an urgent inquiry into the relationship between the Department of Education and Science and national, public, university and other libraries and library advisory councils.

It has asked a working party for an interim report on the roles and relationships of the organisations concerned to be presented next April.

Drop nuclear programme, research group urges

BY JOHN LLOYD

A CALL for the disbanding of the Atomic Energy Authority, and the abandonment of the current nuclear programme, was made yesterday by Counter Information Services, a research organisation.

The call comes in a report, The Nuclear Disaster, which claims:

- That the cost of electricity produced by nuclear power stations is higher than that produced by coal-fired or oil-fired stations — and not less, as the Ceneral Electricity Generating Board claims.
- The second nuclear programme, based on the advanced gas-cooled reactor (AGR) has cost £3bn, and that there are no official figures to account for this vast mis-spending.
- The nuclear establishment is concerned only with the image of safety — not the substance. The original Magnox reactors are inadequate and would have to be re-designed to meet present safety standards. The re-processing industry is equally dangerous.
- The greater use of nuclear power will not increase jobs, as claimed, but will decrease them.
- The real reason for the commitment of the CEGB to nuclear power — whatever its true economics — is "the spectre of the miners throttling the power stations' fuel supply."

Councils' loan bureau opens new office

BY PAUL TAYLOR

THE Chartered Institute of Public Finance and Accountancy opened its new loans bureau room in London yesterday. The bureau, which acts as a loans broker for local authorities and some public authorities, expects to handle transactions worth more than £10bn this year.

Mr. Denzil Davies, Treasury Minister, formally opened the loans room, which is equipped with the latest Post Office telephone equipment.

The opening marks the continuing expansion and success of the bureau, which started in 1951 as a service to local authority treasurers, providing advice on loans and a low cost brokerage service.

Last year the bureau handled transactions worth £7m and advised tens of thousands of private investors on local authority investments.

The bureau includes the majority of local authorities and several of the big public corporations among its members.

Mr. John Bamford, chairman of the Loans Bureau Panel, said that the new equipment would help the bureau provide a continuing service to local authorities, public corporations and members of the public.

Court move on 'drug children'

A GROUP fighting to help children allegedly injured by hormone drugs is to start legal proceedings on behalf of four families.

The Association for Children Damaged by Hormone Pregnancy Tests said yesterday it was taking action against the German-based company that manufactured the drug Primodos. It says that children were injured while in the womb.

Mr Robin Hayes, a Manchester businessman and the association's secretary, said: "The damage caused in all these cases is to the heart. The children are aged between four and ten."

CONTRACTS

Ortech to build £9m computerised plant

MATTHEW HALL ORTECH, of Sale, Cheshire, has been awarded a contract worth about £9m by the National Coal board. The order is for the design, supply, erection and commissioning of a new coal preparation plant at Hatfield Colliery, near Doncaster.

★

The National Electricity board of Malaysia has awarded a £4m contract to ASEA, the Swedish-based manufacturer of electrical equipment, for the supply and installation of substation equipment in Malaysia.

★

Equipment for an urban traffic scheme in the Tollcross area of Edinburgh will be installed by PLESSEY CONTROLS of Poole, Dorset. The initial contract is worth about £70,000.

★

BESTOBELL MICROFLEX, a division of the Slough-based Bestobell Group, has received an order valued at about £200,000 for the supply of a range of Inconel 625 convoluted bellows expansion joints from Pullman Kellogg.

★

Robert Marriott the Rushden based member of the French Kier Group, has been awarded a £4.6m contract by Milton Keynes Development Corporation, for the construction of 63 advanced factory units contained within 10 blocks.

★

Contracts approaching £1m have been won by THORN LIGHTING for the National Westminster Tower in Bishopsgate and the bank's new computer centre in Leman Street.

★

A £2m design and installation contract covering mechanical and plumbing services for a multi-storey office building on part of Whitbread's former brewery site in Chiswell Street, London, has been secured by HADEN YOUNG, part of the Haden Carrier Group.

★

The BBC has placed an order valued at nearly £800,000 for 10 50 kW mf broadcast transmitters manufactured by Marconi Communication Systems, a GEC-Marconi Electronics company.

★

LESSER CONSTRUCTION has received a contract from Anchor Hotels and Taverns, a company in the Courage Group, to design and build in collaboration with Courage's architectural unit, a 26-bedroom block at the Goddard Arms Hotel, Swindon. Work on the £268,000 project has begun.

★

TYPEWRITER SERVICES AND EQUIPMENT (ABDN) have been awarded a contract by Shell for the furnishing of desks, storage, cabinets and seating for Phase Four of the office development at Nigg, Aberdeen. The contract is worth around £250,000.

★

Contracts worth a total of more than £1m have gone to TARMAC CONSTRUCTION'S Leeds-based organisation. The orders involve two office blocks, and three new advance factories in the Leeds area. The factories are being built for English Industrial Estates Corporation, in a contract worth about £450,000. Work is underway on a £300,000 office block extension for Container Base (Leeds), and in January, Tarmac Construction will begin building an office block extension for the Yorkshire Electricity Board.

PARLIAMENT AND POLITICS

Firm decisions on EMS unlikely next week, Healey tells MPs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT


MR. DENIS HEALEY

MR. DENIS HEALEY, Chancellor of the Exchequer, last night warned MPs that it is unlikely that firm decisions will be reached on all aspects of the proposed European Monetary System when EEC heads of Government meet in Brussels next week.

"It does not appear at the moment as if firm decisions are likely to be taken next week on anything except an exchange rate régime, if on that," he told the Commons at the start of a debate on the EMS proposals.

Although he hoped that unanimous decisions would be possible at Brussels, he said that there were still very wide differences between member-countries which had to be removed.

The House had to recognise that a properly constructed exchange rate régime would make a contribution towards the common objectives of the Community. But it would not of itself achieve those objectives.

The British Government's objectives were steady growth and falling inflation and unemployment. This required Britain to stick to appropriate domestic policies. The Government's overriding priority was to cut inflation.

"We believe a stable pound can make a useful contribution to the conquest of inflation and we shall remain dedicated to this objective whether we join an exchange rate régime or not," he explained.

Mr. Healey made it clear that if Britain was to be a full partner in the system, there had to be undertakings about a greater convergence in the economy of member-countries and of the measures to strengthen the economies of the less prosperous countries.

"Unless there are movements on the part of some of those concerned in the area I have described, then I don't believe that a system so much like the 'snake' would give advantages commensurate with the disadvantages we would risk by joining."

If the Government decided next week to join a new exchange rate scheme, then it would submit its views to Parliament for debate and if necessary a vote before the régime came into operation at the beginning of January.

These remarks alarmed some of the anti-Marketeers, who seemed to feel there was a danger that the Prime Minister will come to an agreement at Brussels next week, and then present it to the House as a fait accompli.

Mr. Healey told **Mr. Enoch Powell** (Ulster Unionist, Down South) that, if the House took a different view from the Government, then the Government would beguided by the opinion of the House.

But he emphasised that the Prime Minister could not go to the conference with his hands already tied by a decision of the Commons.

'Mockery'

If the House rejected the view of the Government, then the Government would either resign or change its policy.

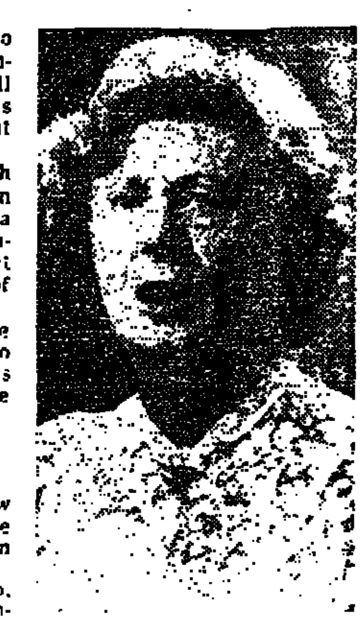
Mrs. Barbara Castle (Lab, Blackburn) argued that, if control by the Commons was not to become a mockery, then any Government commitment on EMS should be the subject of a free vote in the House and not made an issue of confidence.

Mr. Healey bluntly retorted: "I don't agree with that, nor would any Government."

Mr. Healey was pressed by the Conservatives to say what would happen to the link between the British and Irish pound if Ireland decided to become a member of EMS and Britain did not.

The Chancellor replied that if the Irish pound broke its link with the British pound then it would require both Governments to introduce exchange controls.

This has been discussed by both Governments and they had reached the same conclusion.


MRS. BARBARA CASTLE

He emphasised that the Government believed that there were immense advantages in a stable exchange rate which could be achieved under EMS.

"But a stable exchange rate depends upon proper economic and monetary policies in the countries concerned. It can't be achieved by juggling the exchange markets by intervention."

During the talks so far, he said, there had been far too little discussion about the broader aspects of the monetary system, the role of the Economic Currency Unit or reserve transfers to less prosperous countries.

There has been almost no discussion about the relationship with the dollar and none at all about reserve pooling.

You could not have greater money stability simply through intervention on the currency markets. There had to be more compatibility between the economies in the system.

He repeated the Government's concern over the fact that Britain was likely to become the single biggest contributor to the EEC budget in a couple of years' time.

"On these vital matters agreement has not yet been reached in the discussions," he added.

It was essential that the system adopted should encourage growth. The Government would not enter a system that restrained growth.

He recalled that Britain had to leave the original "snake" currency system soon after joining it and the system had rapidly fallen into disarray.

"It would be disastrous for Europe if we repeated the experience of the snake," he cautioned.

Former Tory Chancellor **Mr. Reginald Maudling** (Chipping Barnet) said that the only guarantee of stability of exchange rates was a convergence of economic performance of the countries involved in a monetary system.

"Will a monetary system of the kind envisaged enforce this economic convergence?

"I don't believe it. It will have a marginal, short-term effect."

Mr. John Prescott (Lab., Hull E.) said he did not think that EMS could solve the problems of unemployment or low growth. We would be locking ourselves into a system where we would not have the same flexibility to deal with problems.

Emergency debate on Times today

MPs are to have a three-hour debate today on the future of The Times and the Sunday Times.

On the eve of suspension of publication of The Times, Mr. George Thomas, the Speaker, agreed to put to the House the request for a debate from a Tory backbencher who said the paper faced the "most critical 24 hours in its history."

Almost every MP in the Chamber stood up—the traditional way of showing their support for such a decision.

Mr. Patrick Cormack (C., Stafford SW) had said: "The most famous daily and Sunday papers in the world together with supplements of equal distinction are approaching the most critical 24 hours in their long and distinguished history."

"If the presses stop tomorrow, there is no sign when or even whether they will roll again.

Free Press

"The death or even the lengthy silence of any of these papers would diminish all of the freedoms which we so readily take for granted."

Parliament depended on the continual existence of a healthy free Press.

MPs should turn their attention urgently to the position of The Times in the hope that a thorough discussion of the issues would make a "positive contribution to the resolution of a problem which touches us all and those who sent us here," Mr. Cormack said.

The Speaker was satisfied the matter justified an emergency debate which will start after questions in the Commons.

Mr. Max Madden (Lab, Sowerby) later made an unsuccessful attempt to persuade the Speaker to bring the debate forward.

This would give the House and Ministers an opportunity of expressing a point of view, "which hopefully would have a favourable influence on those involved in the dispute and hopefully avert suspension tomorrow night," Mr. Madden declared.

Scheme to scrap road fund tax comes under fire

THE GOVERNMENT'S plan to scrap the road fund tax and replace it with higher petrol duty came under fire from MPs on both sides of the Commons.

Faced with complaints that the new system would hit motorists in rural areas, Mr. William Rodgers, Transport Secretary, said during question time that abolition of the road fund tax would be widely welcomed.

Mr. Robert Adley (Con., Christchurch and Lymington) recognised the "superficial attractions" of the proposal, but said that the main beneficiaries would be two-car families, where there was a company car and a run-about for the wife.

Most hardship would be suffered by low-income workers in rural areas where they needed their cars to travel to work.

Mr. Rodgers agreed that if there were to be winners, there would be some who would be worse off.

"I have considered that very carefully," he said, adding that the picture for rural areas was a great deal better than some had suggested.

Mr. Hal Miller (Con., Bromsgrove and Redditch) asked how abolishing road tax would lead to savings, in view of the need to continue the Swansea Licensing Centre for licensing diesel vehicles, heavy lorries, and also for checks on MoT and insurance.

Mr. Rodgers told him that the proposal would lead to fewer people working at the centre, but there would be no compulsory redundancies.

Mr. John Robertson (Lab., Berwick and East Lothian) said his constituents in remote and rural areas had to travel much further than the 16 miles average round trip referred to in the Government's proposals.

He urged the Transport Secretary to carry out a much deeper analysis of the effect on rural areas.

Mr. Rodgers said the proposal would have the additional effect of enabling some people in rural areas to run a car when previously they could not afford to.

Mr. David Steel, Liberal leader, asked how the proposal could make sense, even for conservation, when it would make motoring cheaper in central London and more expensive in rural areas.

He asked Mr. Rodgers to consider making a regional variation on the proposed higher petrol tax.

Mr. Norman Fowler Opposition transport spokesman said the plan amounted to replacing one tax with another.

Mr. Rodgers replied that he was surprised that MPs were so "half-hearted" about a proposal that would replace all the bureaucracy which in the past they had complained about.

He had taken full account of the need to maintain a minimum form of registration, but the details had not been settled and would be the subject of consultation.

He told Mr. Tim Rathbone (C., Lewes) that the scheme would be debated in the Commons at "a convenient time." The Government would be consulting on all the outstanding issues and planned to phase out road fund tax by 1983.

"The fact that it will fall harsher on a man who owns a Rolls than a man who owns a Mini is a step in the right direction."

Mr. Paul Dean (Con., Somerset N.) said the proposals meant the Government would be "jumping from the Swansea frying pan into the fire without the benefit of abolishing the Swansea licensing centre."

The Government's own figures showed the cost of motoring in rural areas would rise significantly.


MR. DAVID STEEL

But Mr. Rodgers told him: "It is plainly the case that a number of people today who lack mobility will be able to achieve it by putting a car on the road for the first time and using it for a relatively modest mileage."

● Mr. Rodgers was considering a national scheme for concessionary fares for pensioners and the disabled, he told the Commons.

He attacked "mean" local authorities for failing to provide any help. This was "absolutely wrong." There was no need for it. Help was available from the rate support grant.

A national scheme for free fares would cost over £200m, and it was difficult to see any immediate priority for it.

"I am looking at the possibility of some form of national concessionary fare scheme. It should be possible for old people to visit their children and grandchildren and obtain the same benefits as in their own area."

It was a disgrace that some authorities had failed to provide schemes, Mr. Rodgers added. He threatened to publish a list of them.

Howe urges stricter monetary discipline

BY IVOR OWEN

BRITAIN SHOULD be prepared to accept the stricter monetary discipline which would be involved in becoming a full member of the proposed European Monetary System from the start, Sir Geoffrey Howe, the Conservative Shadow Chancellor, contended in the Commons last night.

But he called for arrangements which would permit a progressive tightening of monetary discipline over a period of years rather than overnight, and suggested that sterling should be in a widened 6 per cent exchange rate margin, on a similar basis to that already agreed for the Italian lira.

Sir Geoffrey explained that one major reason why the Opposition was attracted to the proposed EMS in principle was that it would be designed to commit Britain to a standard of monetary discipline including a firm commitment to eliminate inflation.

"There is no reason why a to conquering inflation should not be prepared to acceed to this kind of scheme," he declared.

Sir Geoffrey envisaged the acceptance of policies to be pursued over a period of years which would produce declining rates of monetary growth, leading to the prospect of reducing the level of inflation in Britain.

At the same time, there would have to be satisfactory arrangements for making the parity changes which would be necessary in the transitional period.

These changes, he emphasised, should be undertaken with a minimum of spectacle and drama, and should be instead of rather than after expensive intervention.

Sir Geoffrey urged the Chancellor to concentrate his negotiating efforts on this area, and advised him to show a willingness to accept a wider band rather than the narrower band which hda seemed to be his objective up to now.

Sir Geoffrey restated the Opposition's commitment to the relaxation of exchange controls, and deplored the Chancellor's indication that a break in the parity link between sterling and the Irish pound was likely to result in their extension to a new area.

It would be a tragic consequence of the present negotiations, he said, if Britain and Ireland were to be divided by an immense and probably incredible apparatus of exchange control.

Sir Geoffrey stated: "At a time when North Sea oil is contributing greater strength to our currency and economy, we ought to be moving steadily towards more freedom and more relaxation of exchange controls."


SIR GEOFFREY HOWE

He argued that the Government's approach to the EMS negotiations had been hampered by the anti-European posture of so many Labour Ministers and MPs.

"It is much to be regretted that so many members of the Labour Party have encouraged by their negative attitudes the feeling that it makes sense to think in terms of re-running history and unstitching what has been created."

He insisted that the Opposition unreservedly endorsed the objective of establishing a zone of currency stability within Europe.

Sir Geoffrey also endorsed the view of Lord Soames, Opposition spokesman on European affairs in the Lords, that establishment of the EMS should be accompanied by a new effort to achieve wider agreements embracing the United States and Japan, to achieve currency stability throughout the Western world.

The Shadow Chancellor argued that membership of the EMS would enable Britain to move towards exchange rate stability and the conquest of inflation.

There was a strong political case for Britain joining the EMS from the outset.

If this proved impossible, there was a real danger of the EMS revolving on a Franco-German axis.

If this were to happen, Britain would have less chance of securing a reduction in the net transfer of resources and bringing about the radical changes required in the Common Agricultural Policy.

Sir Geoffrey said the Government's hesitancy over joining EMS exposed the hollowness of the claims made by the Chancellor that his policies had resulted in the strengthening of the British economy.

Betting chief reappointed

SIR DESMOND PLUMMER has been re-appointed as chairman of the Horserace Betting Levy Board for a further two years up to January 31, 1981. Mr. Merlyn Rees told Sir Timothy Kitson (Con., Richmond Yorkshire) in a Commons written reply.

Prison costs

THE COST of keeping a person in prison has risen £27 a week to £112 in the last two years. Dr. Shirley Summerskill, Home Office Under Secretary disclosed in a written Commons reply

Stately-home owners forced to sell out

BY COLLEEN TOOMEY

OWNERS OF Britain's 250,000 historic homes are often forced to sell out or let property deteriorate as swingeing taxes eat into their resources. Mr. Norman St. John-Stevas, Opposition spokesman on the Arts, said yesterday.

"If our stately homes are not to become museums, probably stripped of their original contents and a public liability or indeed, centres of transcendental meditation, then they must not be cut off from their supporting estates," he claimed.

At a meeting of the Historic Houses Association in London, Mr. St. John-Stevas outlined six recommendations the Conservatives would bring into force if they won the next General Election.

Among them was a recommendation that supporting estates or owners' other capital assets be safeguarded from capital taxation—either by adding the tax exemption of productive land to amenity land already eligible for exemption in exchange for access, or by introducing an attractive maintenance fund.

The Conservatives fully support the Select Committee on the National Land Fund to revitalise it with resources of £50m.

"Behind Mentmore and Warwick Castle there is an ever-lengthening queue of potential disasters," Mr. St. John-Stevas said, highlighting the plight of smaller historic buildings.

Owners should be given a special listed building repair allowance which would be built into the tax system for expenditure on approved works.

Other countries such as Holland already offered help along these lines with impressive results.

UK 'should have Bill of Rights'

BRITAIN should have a Bill of Rights, the House of Lords was told.

Urging the Government to introduce such a measure to incorporate the European Convention on Human Rights into British domestic law, Liberal peer **Lord Wade** said there was a growing feeling that certain rights of a fundamental nature needed special protection.

He was speaking during a debate on the report of a Lords' Select Committee which had examined the question of a Bill of Rights.

A complainant could take the "long road" to the European Court at Strasbourg, but he should be able to bring his complaint before a British court.

A lot of embarrassment was caused in bringing Britain before the court at Strasbourg by people always ready to take political advantage.

"Our record on human rights is one of which we should be proud. I would like to see Britain play a leading role in the movement for human rights in this world."

Lord Wade's call was supported by **Lord O'Hagan** (Con) who served on the Select Committee.

He said the term human rights was "woolly and off-putting" but the subject was of special concern to the British people.

"There is increasing anxiety in this country about the ever-encroaching arm of government, local and national, which makes it important to take action now."

The convention was part of international law, we were committed to it, it was binding on us, and we were obliged to be judged by it when we did something in default of it.

It would be simpler and fairer to let the British citizen make his complaint and be judged here before our own judges.

Opening the debate, **Lord Allen of Abbeydale** (Ind) said that the UK was the only signatory of the European Convention on Human Rights which had neither incorporated the convention into its law nor had evolved a charter of fundamental rights into its own constitution.

But **Lord Lloyd of Hampstead** (Lab) said the proposal was of "extraordinary irrelevance to the problems that beset this nation."

A lawyer himself, he told Peers: "The only people who will benefit from this change of law are the legal profession—and it is not a reform they are particularly seeking."

Private Bills list presented

THE LIST of this session's 20 Private Members' Bills was presented to the Commons yesterday.

Mr. Clement Freud (Lib., Isle of Ely) heads the list with a Bill to repeal Section 2 of the Official Secrets Act 1911.

The measure is also "to create a public right of access to official information and to make new provision in respect of the wrongful communication and handling of official information: and for purposes connected therewith."

Mr. Hugh Rossi (Con., Hornsey), next after Mr. Freud, has a measure dealing with the display of indecent matters and "the use of machines for the viewing of indecent pictures."

Third on the list, **Mr. Geoffrey Pattie** (Con., Chertsey and Walton), has a Bill to reduce the time of authority for guardianship and detention of patients for mental treatment.

Following him is **Mr. Ray Whitney** (Con., Wycombe) who is calling for magistrates to have power to commit children and young people to secure accommodation.

Other Bills deal with the disabled, illegitimate children, British nationality, a National Heritage Fund and the protection of homeworkers.

Two Bills deal with drink licensing. **Mr. Neville Trotter** (Con., Tynemouth) is seeking to change the licensing laws on special hours certificates and "the extension of existing on-licences to additional types of liquor."

Sir George Young (Con., Ealing and Acton), on behalf of **Mr. Anthony Grant** (Con., Harrow Central) wants magistrates to have powers to exclude "certain categories of convicted persons from licensed premises."

In the Access to Commons and Open Country Bill, **Mr. Arthur Blenkinsop** (Lab, South Shields) is seeking, among other points, to grant certain rights of public access to open country.

Mr. Nicholas Edwards (Con., Pembroke) Shadow Welsh Secretary, raises the issue of enabling people on holiday at the time of a Parliamentary election to vote by post or proxy.

But as his measure is 12th in the order, his Bill has little chance of becoming law.

County council predicts 25% rate rise next year

BY PAUL TAYLOR

EAST SUSSEX County Council yesterday predicted an increase of up to 25 per cent in its county rate next year as a result of the rate support grant settlement announced by Mr. Peter Shore, Environment Secretary, last Friday.

East Sussex was one of the English local authorities hardest hit by the details of the distribution of Government grants to local authorities in 1979-80, and has now become the first local authority to publicly state the likely impact of the settlement on county finances.

County finance officers estimate that the combined impact of changes in the distribution of the county's grant could add 10.5p to the present county precept of 68p in the pound, without allowing for inflation costs in 1979 or the "modest growth" in council services envisaged in the county budget strategy.

Most of the 10.5p increase is accounted for by the decision of Mr. Shore to pay a section of the grant relating to district council expenditure and needs direct to the district councils.

This change will result in about £7.5m loss in county grant (equivalent to a 7p rate).

Although there should be a corresponding reduction in district rate demands, it is unclear whether district councils will pass on the full benefits of higher grant to ratepayers, or choose to spend more.

Overall, the effect of changes in distribution of the grant, coupled with fears about the tightness of Government spending limits and the actual level of pay and price inflation next year, has led East Sussex to talk of "the possibility of an increase of about 25 per cent in the county rate."

As a result, the county is now reviewing its proposed expenditure in 1979-80, and will probably decide to forego planned improvements to county services.

Tories 'will encourage secret strike ballots'

BY RICHARD EVANS

MR. JAMES PRIOR, Shadow Employment Secretary, gives a pledge today that the next Conservative Government would encourage secret ballots on strike action among trade union members.

He argues in the December issue of Conservative News that the Tories welcomed collective bargaining but there should also be collective decision making.

Because of the costs involved in postal ballots, a Tory Government would make funds available to unions to cover the expense of postal elections to union office.

In his view, some reports of recent mass meetings suggested that they "had left a lot to be desired by any reasonable democratic yardstick."

Mr. Prior makes it clear that he was not talking about legislation and compulsion.

He was referring to the encouragement of collective responsibility within trade unions and he was convinced it was what their members and the whole nation wanted.

Two PPSs resign

BY ELINOR GOODMAN, LOBBY STAFF

TWO PARLIAMENTARY Private Secretaries resigned their jobs yesterday after having voted against the Government.

Mr. Bruce Grocott, who worked for the Agriculture Minister, **Mr. John Silkin**, and **Mr. Ivor Clemitson**, **Mr. Albert Booth's** PPS at the Department of Employment, voted against the Second Reading of the Bill which proposes to increase the number of MPs representing Northern Ireland in the House of Commons.

One of the Government's own whips, Mr. Jock Stallard, also disobeyed the Government line by abstaining in the vote on Tuesday night. But, after a discussion with the Chief Whip, **Mr. Michael Cocks**, it was agreed that he should continue in the job.

The resignation of the two secretaries follows the sacking earlier this month of **Mr. Brian Sedgemore** as PPS to **Mr. Anthony Wedgwood Benn**, the Energy Secretary.

It illustrates again that while PPSs are not on the Government payroll, the Prime Minister demands a high degree of loyalty from them.

GRAND COMMITTEE DEBATE

Wales narrows employment gap — Minister

BY ROBIN REEVES, WELSH CORRESPONDENT

WELSH ADVANCE factory lettings for the whole of 1978 will total 100, four times the level last year and in 1976. **Mr. John Morris**, Secretary of State for Wales, forecast yesterday.

Speaking in a Commons Welsh Grand Committee debate on the Welsh economy, Mr. Morris announced the allocation of a further seven advance factories, bringing firm lettings so far this year to 86.

This amounted to over 1m sq ft of factory space, providing opportunity for employment of sime 4,500 people.

In addition, the Wlsh Offic had a further 74 provisional allocations on the books. The final tally for 1978 would be a "ton"—100 advance factory lettings.

Overall, Mr. Morris was confident that, in spite of the difficulties associated particularly with the rundown of employment in the coal and steel industries, the Government's economic policies for Wales were achieving results.

They have succeeded, in a difficult economic climate, both in bringing down the rate of Welsh unemployment closer to the UK average, and in reversing migration trends.

Whereas in the inter-war years, 500,000 people had left Wales, in the mid-1960s, the trend had been reversed, and now the figures for 1971-77 showed a net migration into Wales of nearly 40,000.

Forecast

"To have narrowed the employment gap and reversed the migration trends at a time when our older basic industries have shed so much labour is truly remarkable."

For the Opposition, Mr. Nicholas Edwards, the Conservative spokesman for Wales, attacked Mr. Morris for failing even to mention the 90,000 Welsh unemployed.

He warned that the Government's "mini-boomlet" was now at an end, and forecast that the recent steep rise in the Minimum Lending Rate would hit Welsh industry hard.

Mr. Edwards was specifically concerned at the imposition of sanctions on Ford. This could threaten the company's major development at Bridgend, South Wales, he warned.

"It is an act of folly to hand out massive Government aid to this development and, at the same time, take deliberate action to damage the company and make it more difficult for Ford to compete in world markets."

Mr. Dafydd Wigley, the Plaid Cymru spokesman on industry, accused both Government and Opposition of complacency and self-congratulation.

In spite of the steps taken by the Government, the unemployment problem in Wales "remained chronic."

Mr. Wigley drew particular attention to the plight of the Tri-ang toy company, threatened with imminent closure and the loss of 340 jobs because of the Government's decision to withdraw financial support.

He urged the Welsh Development Agency to take over the Merthyr Tydfil-based company as a wholly-owned subsidiary or, better, as a co-operative.

Earlier, Mr. Emrys Roberts, leader of Merthyr District Council and vice-president of the Welsh Nationalist Party, was hustled out of the visitors' gallery by attendants after intervening in the debate.

Attending as part of a large delegation of Tri-ang workers, he shouted "Tri-ang" when Mr. Nicholas Edwards asked what the Government proposed doing with the extra funds being allocated to the Welsh Development Agency this session.

● **John Elliott** writes: Exploratory talks took place in London yesterday between the Co-operative Development Agency and a delegation of union officials from Wales about the possibility of the Tri-ang factory becoming a workers' co-operative.

The delegation, led by **Mr. George Wright**, general secretary of the Wales TUC, met **Lord Oram**, chairman of the Co-operative Agency, and **Mr. Dennis Lawrence**, its director.

Forming a co-operative is one of the options being considered for the factory, but it appears that this would only be done within the umbrella of a Welsh Development Agency rescue package.

The Co-operative Agency, which was set up only two months ago, has not yet recruited sufficient staff to provide help for any feasibility study on the venture.

GLC to back new housing co-operatives

By Paul Taylor

THE GREATER London Council is to back the formation of three new housing co-operatives in Hammersmith, West London. The council's housing committee has agreed to provide a loan for the purchase and modernisation of 103 flats in three mansion blocks.

The council's housing committee has also formally announced that the controversial "homesteader" scheme—under which 500 families were offered council homes to modernise along with council mortgages—is to be modified from January 1.

Under the new scheme, the GLC will purchase suitable properties, then sell them on a deferred mortgage.

The existing scheme, which involved 500 names being drawn in a council lottery, has resulted in about 100 families taking up the council homesteader offer.

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مكتبات الأصل

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT

Efficient liquid gas engine

USE OF liquefied petroleum gas (LPG) as a fuel for engines has been partly limited by the relative inefficiency of existing gas carburettors which result in low power output and higher fuel consumption compared to petrol. A system developed by New Energy International which used facilities made available by Lonsdale College, Derby, has shown substantial improvements.

LPG is injected in its liquid state at a tank storage pressure of approximately 100 psi into the air intake of the engine through a solenoid-operated needle valve. The LPG evaporates almost immediately, cooling the charge air, the degree of cooling being proportional to gas/air ratio. Thermistors are placed upstream and downstream of the point of injection, the signals being fed to an electronic control box controlling the gas flow through the needle valve. By injecting sufficient LPG to maintain a constant temperature drop, a constant gas/air ratio is maintained.

Firing voltage required to initiate a spark at the spark plugs varies considerably with gas/air ratio and is at a minimum at the optimum ratio. By electronically integrating the relationship of firing voltage to gas/air ratio and using a temperature difference between the thermistors to give minimum firing voltage for any particular conditions, the engine operates at all times at the most efficient gas/air ratio. The mixture normally enters the engine at or below freezing point, effectively supercharging it to give substantial power gains. An electronic anticipation device on the throttle reduces lag time of the thermistors during sudden acceleration.

Tests using propane have shown power increases of 12 per cent and a reduction in fuel consumption on a volume basis of 4 per cent with substantially reduced pollution levels, compared to petrol operation. The simplicity of the system enables lower unit production costs than present as well as simplifying installation.

Further details from New Energy International, 2, Gate Street, Lincoln's Inn Fields, London WC2A 3HP. 01-405 5619.

● DATA PROCESSING

Quick systems delivery

APART FROM its underlying policy of marketing British (whenever possible) Computer Marketing likes to maintain its planned image of being a supplier of tailor-made, off-the-shelf computers, specifically to users' requirements.

George MacFarlane, the 30-year-old managing director of the company, went into the computer industry straight from school and, less than four years ago, formed this go-between agency for marketing products which were mainly the brainchildren of smaller British companies that were not au fait with marketing methods or techniques.

The company has now become one of the leading franchised distributors of Digital Equipment systems and has just signed a £1.7m contract with DEC for its terminals and components, including nearly £½m worth of LSI-11 microcomputer boards and components.

It has just launched its Comma VO3, said to be a powerful yet cost-effective computer system, based on the LSI range of components from Digital Equipment.

This is a 16-bit machine available with either 4K, 8K, 16K, or 32K words of self refreshing RAM memory. A wide range of serial interface boards is available for communication with either local terminals or other computers via direct lines of GPO modems.

Twin floppy discs provide 5000K bytes of back-up storage, and the current system uses single density discs—configurations based on double density floppy discs, cartridge discs and cartridge tapes will be available early in 1979.

Because most of its supplies are required by research and development establishments which may each have around as little as £10,000 to spend, it is important that delivery is rapid. These users cannot afford to wait the many months taken by large companies to produce systems for them (such delays often jeopardising budget datelines), and Mr. MacFarlane says his company can get together the necessary package within a matter of a week or so.

Stocks include Newbury terminals, Tally printers and ICS courses and microprocessor training aids—major customers in the field of microprocessors being GEC, Marconi, Plessey and the Post Office. All products in the range are complementary to each other. Computer Marketing is at Ecfield House, 6-11 London Road, West Thurrock, Essex (Purfleet 04026) and has branches in London EC3, Nottingham and Bristol.

Micro lends a hand

STAND-ALONE microcomputer Instructor 50, based on the Signetics 2650 microprocessor, is available from Mullard for students, engineers or anyone who wants to learn how to use a microcomputer the easy way.

To use it it is plugged into the mains supply. It will then say "hello." And this is only the first prompt in a series of instructions learned through a 12-key function control keyboard and a 16-key hexadecimal keyboard are built in to enter data and perform various system.

An audio cassette interface allows the user to load or store programs into and out of the unit's memory.

The Instructor 50 also includes an S100-compatible expansion bus connector so that other standard products, such as additional memory or prototyping cards can be used with the system. This connector carries all the 2650's I/O signals in addition to control signals required by the S100 bus.

Mullard on 01-580 6633.

● PRINTING

UK plate at Imprinta

USING A newly-developed photopolymer, a newspaper plate to be demonstrated shortly, will provide better and more consistent results, says W. R. Grace, Letterflex Systems, Northdale House, North Circular Road, NW10 (01-965 0611).

The company's photopolymer platemaking machine has recycling of used polymer which, mixed with fresh polymer, eliminates waste disposal problems. This and the new plate will be shown at Imprinta in Dusseldorf, February 14-20.

Stability, ease of operation and improved environmental conditions for the operators are offered. An added bonus, says the maker, is the fact that fine highlight dots are held, thus making a first-class base for colour work.

Improved printing results are promised, too, because the new polymer is said to have better ink laydown characteristics.

● HANDLING

Bricks cost less to move

HOPING TO achieve greater fuel economy by using trucks with centre-mounted cranes, instead of gantry-crane articulated vehicles, is the Cheshire building block and brick manufacturer, Ensor.

Because of its lighter weight (10243 kg) the trial vehicle, a Lyka crane eight-wheeler Foden, costs between £500-£600 less per year in licence fees, and fuel savings will result because of its lower all-up weight.

The 7 tonne-metre crane has entailed no sacrifice in load-handling ability, says the company. It has an hydraulic grab, incorporates an hydraulic rotator and has a double-section drop-side body all made by Lyka Cranes, 382 Blackpool Road, Preston, Lancashire (0772 727927).

● INSTRUMENTS

UK drive in Berlin

SCOPEX Instruments, Letchworth-based oscilloscope manufacturer, has set up a new company in west Berlin, called SCOPEX GmbH, to aid its expansion into the West German electronic instrument market.

Scopex starts trading in early December and will recruit and establish a distribution network covering the whole of West Germany, the largest electronics market in Europe. Initially, the new company will be marketing the Scopex models 4S6 single beam, the 4D10A and 4D25 dual trace oscilloscopes as well as the rack-mounted versions, the RM 4D10A and RM 4D25 which are designed for the OEM market.

Scopex, Pixmore Avenue, Letchworth, Herts SG6 1JJ, Letchworth 72771.

● GRAPHICS

Calcomp to develop quickly

NOW THAT Calcomp has started to move what is possibly its most important product yet, the interactive graphics equipment (IGS 500) shown here, and has reported a profit, albeit a small one for 1977-78 after the previous year's loss, company strategy is becoming plainer.

Its management experts world sales of graphics equipment to amount to some £200m over the next three years, £15m of which will be in the UK. Company turnover in the past operating year was $120m against $118m and 37 per cent of it was in graphics products.

But Calcomp recently sold out its hard disc memory products side to Xerox, retaining its floppy disc capabilities, and since the 1978 figures contain 59 per cent for sale and lease of memory products, this is bound to have an effect.

In the long term, however, the $25m Calcomp is gaining from this sale will consolidate its already extremely strong position in the world graphics market and at the same time, it will continue to market and use the Trident, Hunter and Marksman discs. Design, production and marketing facilities for these were the subject of the sale.

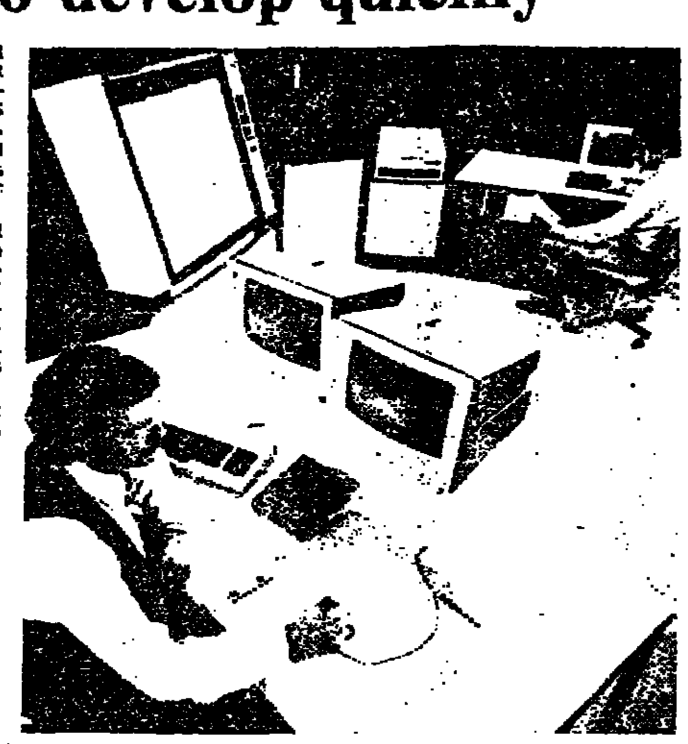
The 500 uses the French-designed Solar minicomputer from SEMS, part of Thomson-CSF, which has ceded manufacturing rights for this excellent small machine to Calcomp.

The 500 also goes into the recently announced drum plotter and the 1680 computer output on microfilm unit.

The company has obviously been planning to meet the anticipated market growth of around 150 per cent which will place a very considerable strain on its production capabilities and place its designers on their mettle to match the increasingly exacting requirements of the micro-electronics industry marketplace.

Apart from the above arrangements, Calcomp has made an agreement with the UK software exploitation company Insac and one of its associates, SPL, for the development of applications software packages for the 500.

Calcomp, Cory House, The Ring, Bracknell, Berkshire RG12 1ER, Bracknell 50211.



Up and working at Calcomp's Bracknell centre and forerunner to a similar array for the new SPL development centre at Abingdon is this IGS 500 interactive graphics system.

● ELECTRONICS

Pinpoints board faults

DEVELOPED by Zehntel in the U.S. and offered in this country and Western Europe by BFI Electronics, the Troubleshooter 800 is claimed by the maker to be the most advanced, powerful and flexible in-circuit test system for the contents of electronic printed circuit boards yet devised.

By using time varying stimuli of various kinds and a technique called Isodrive which electrically isolates the device under test, the machine can examine, for example, an integrated circuit independently of its function on the board.

In this way medium and large scale microcircuit devices, including microprocessors, memories, synchronous and asynchronous receiver/transmitters can be tested, in addition to small-scale ICs and all types of analogue circuits.

The 800 employs a signature analysis technique to generate stimuli and "learn" the unique output signature which sets acceptance criteria for the individual IC.

Program development is claimed to be simpler than usual because the components rather than the function of the board are tested.

With the board itself mounted on the vacuum-actuated "bed of nails" fixture, the keyboard and VDU are employed together with a circuit probe to enter all the characteristics of the items on the board and their locations. A floppy disc test library is then called upon by the program generation software to develop automatically the test steps for specific analogue and digital components.

The test operator does little more than load each board on the fixture and press the start button. If the board fails, precise rework instructions are printed out in clear and simple English. All failures, including multiple ones, are identified. The print-out becomes the repair tag, making it simple to repair the board and send it back for retest. Typical test time is between five and 60 seconds, depending on board complexity. The disc allows collection of test and failure data.

BFI Electronics is at 516, Walton Road, West Molesey, Surrey KT8 0QF (01-941 4066).

● LIGHTING

Fluorescent starters

STARTERS FOR fluorescent lamps used in areas without a service line—such as in caravans, houseboats, yachts, fishing vessels, motor vehicles, or dwellings where the grid system does not apply, have been developed by Cavin Driebergen BV of Holland.

They are for fluorescent lamps from 8 watts up to 65 watts on 12v or 24v low tension/direct current, and also on 110v and 220v main supply/alternating current.

More from H. V. Skan, 425 Stratford Road, Shirley, Solihull, West Midlands B90 4AE (021 744 6791).

● MATERIALS

Cleaner lubricant

ROCOL IS offering a number of white lubricant greases which are clean to handle, leaving no stains on either machinery or user's hands, and are non-toxic.

The company says that the new formulations give high load lubrication performance comparable to that available up to now from dark-coloured products.

One of the products, a bearing grease, is based on lithium soap has high load qualities, an operating temperature of minus 30 to plus 130 deg C and repels water. Although intended mainly for plain and ball/roller bearings under heavy loads it can also be used generally where cleanliness and lack of odour are desirable.

Available also is a white grease based on bentone for use in food processing plants, and an aerosol-applied product formulated for thin film lubrication of mating surfaces. The latter product, which can also resist high loads, will prevent galling, pick-up and wear during start-up and running in of machines, and will eliminate seizure of close-fitting metal parts.

Rocol is at Swillington, Leeds, LS26 8BS (0532 862261).

THE JOBS COLUMN

Class distinctions

BY MICHAEL DIXON

A CLEVER sentry posted to challenge anyone coming across no man's land with "friend or foe?", would soon work out his best bet for staying alive. It is to shout the challenge, then regardless of the answer, shoot to kill.

A comparable problem faces business decision-makers who are effectively in defensive positions. By this I mean that their career prospects will gain from a right decision far less than they will lose from a mistake.

Prominent among these sentry kinds of manager are those responsible for recruitment. Unlike their military counterpart, they cannot guarantee their safety by rejecting everybody, of course. But they can and do buttress their defence by setting up external criteria which applicants must fulfil before they can have a chance of being appointed.

These criteria may well have little relevance to the job in question, and so in no way improve the odds on making a correct decision. That, however, is not the purpose of external conditions. Their purpose is to provide the recruiter with a plausible excuse if the appointment should happen to be wrong. Which perhaps explains why the personnel trade is relying more and more on educational certificates as a prime determinant of who shall and who shall not be given the chance of a job.

Unfortunately, although this use of irrelevant criteria raises the recruiters' prospects of surviving their personal battles it does not help their employing organisations to win their wars. And from the viewpoint of the people so inappropriately turned away from the starting gate, the defensive device is iniquitous. Which in turn explains why both of this week's Jobs Columns have set out to demonstrate that, in most instances, educational stipulations such as "at least five Ordinary-level pass grades," or "an honours degree" simply *cannot* be relevant to jobs.

Generosity

On Tuesday we saw that, according to the General Certificate of Education examiners' own criteria for grading academic ability, O-level pass grades do not necessarily represent anything constant either from year to year, or between different subjects. And since youngsters' further studies are mainly founded on their O levels, it seems likely that the differences of difficulty between subjects persist through the further stages, even to degree level. But apart from that, there are evidently wide variances in generosity among the policies which different universities as a whole adopt when awarding honours-degree classes to their bachelor-level graduates.

The adjacent table, compiled from still unpublished figures, shows how the various honours classes were distributed by the 45 UK university institutions in 1976. The percentages are cumulative from left to right, and the institutions are ranked in increasing order of generosity according to the share of their bachelor-level output awarded a lower-second class or better.

The parsimony of the first eight arises from their use of the Scottish system in which a large share of students take only a three-year ordinary degree instead of completing a fourth for honours.

Even so, the figures leave little doubt that despite the appointment of "external examiners," awards of firsts or other classes cannot rightly be viewed as national standards.

Why, for instance, if Keele is the easiest university to get into, does it grant honours even more generously than does Cambridge, the hardest to get into? And why do only 11.4 per cent get firsts at Oxford when 18.9 per cent do so at Cambridge, especially since 10 years previously the corresponding figures were merely 8.2 per cent at Oxford and 8.4 per cent at Cambridge.

Could it be that the devaluing effect of inflation has not been confined to sterling?

The Honours Degree Stakes

	Number of graduates	First class %	Upper second or better %	Undivided second or better %	Lower second or better %	(Lower second or better 1975) %	Honours degree of some kind %
Glasgow	1,869	3.6	15.7	21.0	34.1	(34.1)	37.6
Strathclyde	1,389	4.8	20.3	20.3	39.7	(41.5)	46.3
Stirling	468	3.2	18.8	13.6	41.9	(37.1)	44.9
Edinburgh	2,097	5.7	17.2	32.4	42.6	(44.8)	44.8
Aberdeen	1,133	4.2	22.2	22.2	42.7	(41.3)	44.5
Dundee	498	4.2	22.3	22.3	44.2	(42.8)	48.2
Heriot-Watt	572	5.1	15.0	35.0	53.0	(54.4)	64.2
Queen's Belfast	1,095	3.7	25.1	25.5	53.2	(51.2)	56.2
Salford	846	5.8	28.3	28.4	63.6	(62.6)	81.8
London	6,859	8.0	33.5	33.5	64.0	(63.6)	77.2
St. Andrews	684	10.2	29.1	46.1	64.3	(63.4)	68.7
Liverpool	1,654	5.1	32.3	32.3	68.0	(63.0)	78.3
Newcastle	1,402	4.1	25.3	25.9	69.0	(66.7)	78.2
Manchester	2,350	4.3	33.4	33.4	69.8	(69.5)	79.6
University of Manchester Institute of Science and Technology	672	10.4	36.5	36.5	70.2	(56.8)	82.4
Brunel	413	7.5	35.1	35.1	70.2	(68.8)	90.7
Aston in Birmingham	830	5.5	31.4	31.4	72.2	(70.5)	85.4
Birmingham	1,594	9.5	34.8	34.8	73.5	(75.1)	81.5
Leeds	1,739	11.6	37.5	37.5	73.7	(63.9)	87.3
Surrey	537	7.6	38.2	38.2	73.9	(75.1)	91.1
Bradford	760	5.9	37.6	37.6	74.3	(72.7)	85.3
City (of London)	450	8.2	32.0	32.0	74.4	(68.3)	91.8
Bristol	1,487	4.4	39.2	39.2	74.5	(74.1)	83.9
Durham	1,024	4.4	37.0	37.0	74.7	(74.5)	85.2
Oxford	2,742	11.4	11.4	76.1	76.1	(81.3)	96.0
Sheffield	1,579	5.9	36.4	36.4	76.4	(78.6)	86.6
Loughborough	769	7.9	32.1	32.1	77.2	(71.4)	91.4
Hull	985	2.7	31.5	31.5	78.6	(80.2)	91.9
University of Wales	3,693	4.3	33.8	33.8	79.0	(78.4)	91.6
Sussex	884	7.4	44.1	44.1	80.8	(83.1)	94.7
Nottingham	1,443	6.2	41.8	41.8	82.1	(79.8)	89.5
Kent	674	4.0	32.2	32.2	82.6	(79.5)	95.7
Bath	679	7.5	39.6	39.6	83.4	(79.9)	92.3
Southampton	1,105	5.4	37.6	37.6	84.5	(85.5)	97.6
Leicester	838	4.4	38.9	38.9	84.6	(80.5)	95.6
Exeter	910	5.1	38.8	38.8	84.7	(85.0)	94.4
Lancaster	744	3.9	38.7	38.7	84.9	(81.7)	97.0
University of Ulster	346	2.9	35.3	35.3	85.0	(84.0)	94.2
Warwick	778	4.8	37.1	37.1	85.0	(79.7)	95.8
East Anglia	887	3.9	36.8	36.8	85.6	(86.5)	97.4
Reading	1,077	3.8	38.7	38.7	85.8	(84.0)	96.8
Essex	516	4.1	41.9	41.9	85.9	(79.7)	97.7
Keele	426	3.1	37.3	37.3	86.9	(86.7)	98.6
York	684	5.1	45.2	45.2	88.0	(87.4)	98.0
Cambridge	2,877	18.9	57.0	64.5	92.7	(92.3)	98.0
Total	57,049	6.7	32.7	37.3	70.7	(69.8)	81.1
Men	36,877	7.8	32.1	37.7	68.6	(68.0)	80.8
Women	20,172	4.7	33.7	36.7	74.4	(73.1)	81.7

Media Relations Manager

c £10,000
Putney, SW London

This key new appointment in our Corporate Headquarters is at the centre of a Company that in 1977 increased turnover by 45% to nearly £420m. Rapid and profitable growth, with more than half our business overseas, continues to keep ICL as Europe's leading computer company.

You will be responsible to the Head of Public Affairs for the management of the ICL Press Office supported by both Chief and Assistant Media Officers.

The excitement and challenge of this role spring from the responsibility for maintaining first class relationships with the full range of UK media in the context of a rapidly changing high technology environment. Some of the exacting requirements of this job include, as you would expect:

- Strategic thinking and the initiation of newsworthy material.
- The ability to appreciate the implications of news and information in an international context.
- Skill in gaining top management acceptance.
- The sensitivity and professionalism to respond quickly to the needs of the media.

This new post will attract the seasoned professional who can demonstrate considerable achievement in PR or the media. An understanding of computers would be an advantage to the man or woman we appoint.

Salary is negotiable around £10,000 plus eligibility for any 1979 Productivity Bonus, with appropriate large company benefits.

Please send full details, including salary progression, to Don Walker, Manager Recruitment and Deployment Services, International Computers Limited, 93/99 Upper Richmond Road, Putney, London SW15 2TG, quoting reference FT1129.

International Computers

think computers – think ICL

ICL

Deputy Financial Controller

to £9500 + car — **Cambridgeshire**

Our clients, an expanding Public Group of Companies with major interests in the Distribution field, now wish to strengthen their financial team by appointing a Deputy Financial Controller.
The key role of the person appointed to this new post will be to manage the Group's major accounting centre. This includes responsibility for the major operating Division's accounting, consolidating the Group's financial and management accounts and cash control. Consolidation of Group budgets and business plans and liaising with Group advisers on taxation matters is also a main task.

Candidates, male or female, should be aged 28-35, professionally qualified (ACA, ACMA, ACCA) with proven technical and management ability in a medium to large size company using computer-based systems.
Salary is negotiable to £9500 plus Company Car, BUPA and assistance with relocation expenses where necessary.
Please send your curriculum vitae in confidence to J. C. Cartwright at the address below, or telephone 01-437 2515 (24 hour live answering service) for a personal history form quoting reference number: 287.

Lunan
Management Selection Division

T.D.A. Lunan & Associates Ltd,
1 Old Burlington Street,
London W1X 1LA.

Treasury Accountant

Wiltshire — **c.£8000**

This position provides an opportunity for a young qualified accountant to widen his or her career experience within the Treasury function of a diverse multinational Group of companies. Burmah is an oil-based industrial enterprise incorporating Burmah-Castrol, Quinton Hazell, Halfords and a range of engineering and industrial companies as well as interests in North Sea oil and shipping.
The successful candidate will be a member of a small, professional team and will be responsible to the Group Cash Manager for the preparation of the Headquarters' Cash Flow Forecast and for installing and maintaining a computerised cash reporting system to monitor the use of Group cash resources. In addition, he or she will report on aspects of the Group's banking relationships, currency exposure and general corporate performance in the area of money management.
Although familiarity with Treasury work and financial policy and procedures in a multinational environment would be an advantage, the basic prerequisites of all applicants are that they should possess the ability to work under pressure and be of an intellectual calibre that enables them to contribute constructively to the effectiveness and development of the cash management function.
Benefits in line with large-company practice include assistance with relocation expenses where appropriate.
For an application form call David Freeston, Recruitment Manager, on Swindon (0793) 30151 Ext. 2482 or write to him at Burmah Oil Trading Limited, Burmah House, Pipers Way, Swindon, Wiltshire SN3 1RE.

Burmah

FIXED-INCOME MANAGER

The First National Bank of Chicago is expanding its international investment management group, and is seeking an experienced portfolio manager for international bonds.
The duties include developing fixed-income strategies, managing an existing pool of multi-currency bond portfolios, advising other investment management offices within the group, and coordinating security research. The fixed-income manager will work closely with the economic research staff in London, and the U.S. fixed-income group in Chicago. New business is being developed by a worldwide team of marketing representatives.

Candidates should have several years experience in managing bond portfolios, plus an ability to communicate effectively. Knowledge of modern portfolio theory would be helpful.

Salary will be commensurate with experience and talent. A good benefit programme is part of the compensation package.

Please send typed applications and career histories, in complete confidence, to Richard Carr at,

FIRST CHICAGO ASSET
MANAGEMENT CORPORATION,
P & O Building,
Leadenhall Street,
London EC3V 4QU.

FINANCIAL EXECUTIVE ECUADOR

We require a Business Graduate or Chartered Accountant aged 27-33 for our Group's varied operations in Ecuador. Some experience in industry or commerce is essential, and a knowledge of Spanish advantageous.
The job will require initiative and creativity in the area of financial analysis and planning. Reporting will be to the Managing Director, Ecuador. EDP facilities are available.
An attractive remuneration package is offered.
Please reply, with details of education/experience, to:

The Managing Director,
Clyde Petroleum Limited,
78 St. Vincent Street,
GLASGOW, G2 5TX.

A significant opportunity in life assurance marketing

Zurich Life Assurance Company Limited

Zurich Life requires a Marketing Manager to operate from its H.O. in Portsmouth. Reporting directly to the General Manager, the successful candidate, who may be male or female, will be responsible for all aspects of marketing, including advising on new product design, advertising and press and public relations.

However, a most vital element in the job is leading the sales operation through seven strategically sited branches staffed by Managers, Life Superintendents and Inspectors. A considerable amount of time will be spent away from base visiting these branches and their broker connections as Zurich Life is entirely broker orientated.

Applicants must be experienced in marketing functions and have the ability to lead and motivate successfully a field force from the front which infers substantial expertise in the life assurance and pension areas.

The Company is a rapidly expanding and successful organisation selling orthodox contracts, and in 1978 will set even more new records. It needs a seasoned life assurance professional in the 30-40 age group who has acquired solid marketing know-how along the way — and only the best will do. Zurich Life operates under the Zurich Group umbrella whose world-wide life funds exceed £1,400 million and premium income is in excess of £260 million.

Since this job requires a high degree of creative talent and proven success in the immediate past, the position carries a top salary plus associated benefits, which include assisted mortgage scheme, non-contributory pension and company car.

Please write giving full career history to:— Mr. F.R. Hall, General Manager, Zurich Life Assurance Company Limited, P.O. Box 20, Zurich House, Stanhope Road, Portsmouth PO1 1DU, marking envelope "Strictly Personal".

ZURICH LIFE

C&L

London, Birmingham, Glasgow — **£7,000 - £10,000+**

Accounting Consultancy— a challenging environment

As one of the largest British – and international – firms of management consultants, we offer a fast moving and stimulating environment with the opportunity to work on challenging assignments for private and public sector clients in the U.K. and overseas.

The high standards demanded by clients and by colleagues from a range of disciplines will ensure that your technical, problem solving and communicative skills will develop rapidly. And depending on your longer term interests, management consultancy can offer a rewarding career in its own right or be a stepping stone to senior management positions in industry and commerce.

Our immediate need is for men and women, aged 28-35, who have a professional accounting qualification and can demonstrate a record of achievement in successful organisations, particularly in the field of profitability and development of management information systems.

With at least 3 years in commerce/industry, experience in developing and operating computer based systems is also desirable. Successful candidates will have the opportunity of working in multi-discipline teams both in the U.K. and overseas.

Competitive starting salaries will be negotiated individually. Thereafter career and salary progression will depend solely on performance. For those interested, there are opportunities for overseas assignments which carry premium salaries and generous living allowances.

Brief but comprehensive details of career and salary progression to date, which will be treated in confidence, should be sent to any of the offices below quoting reference CF2048 and including, if possible, a daytime telephone number at which you may be contacted.

Coopers & Lybrand Associates Limited,
Management Consultants,

Bob Bradford,	John Cameron,	Clive Williams,
Lyndon House, 62 Hagley Road,	Shelley House, Noble Street,	Highland House, Waterloo Street,
Edgbaston, Birmingham B16 8PN.	London EC2V 7DQ.	Glasgow G2 7DB.

COMMERCIAL BANKING — **ASIA-PACIFIC AREA**

BRANCH MANAGER

Our Bank has achieved considerable growth in recent years and continues to expand throughout Southeast and East Asia. We offer a challenging opportunity to join our forward-looking organisation at top level, as Manager of one of our key branches in the region.
The ideal candidate will be a seasoned all-round US or European-trained banker, already holding a responsible post with a well-established commercial bank. He will be interested in building a long-term career with an international bank well-connected with its shareholder group of seven leading European banks. Working experience in an international environment, preferably in Asia, is a prerequisite.
The position calls for an active Manager who will have overall responsibility for the direction and administration of the branch's operations. The ability to motivate people and to sustain the continued growth of the branch is imperative.
Remuneration will be negotiable and commensurate with the high standards and experience required. Fringe benefits are of top international standard.
Qualified applicants are invited to apply in confidence by sending a full curriculum vitae to:
The Chief Personnel Manager, European Asian Bank
Rathausstr. 7, D-2000 Hamburg 1/W. Germany, Tel.: 040/321441.

European Asian Bank

HAMBURG · BANGKOK · HONGKONG · JAKARTA · KARACHI · KUALA LUMPUR
MANILA · SEOUL · SINGAPORE

THE BANK OF TOKYO, LTD.

LONDON OFFICE

As one of the leading international banks we are pleased to announce that, following continued expansion in business, we are now looking for an Assistant in our International Finance Centre in London. We consider that this post is ideal for a young graduate (male or female). Experience in the general banking field would be an advantage but not essential. It will involve assisting our International Officers in all aspects of international financing and is, therefore, considered suitable only for those with ambition and initiative. An attractive salary will be paid and there are excellent fringe benefits.
Please write and enclose a detailed curriculum vitae to:

Mr. B. R. Dawson,
THE BANK OF TOKYO LTD.,
20/24 Moorgate, London EC2R 6DH.

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CREDIT ANALYST	c. £6,000
LOAN ADMINISTRATORS	to £6,000
ACCOUNTS CLERK – SENIOR (Bank of England returns experience)	c. £4,750
STOCK EXCHANGE SECURITIES	to £5,000
DOCUMENTARY CREDITS	c. £4,000
F.X. ADMINISTRATION	£3,500–£3,800

For further details, please contact: NORMA GIVEN (Director) or DAVID GROVE.

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Financial Controller

£10,000 plus car — **West Scotland**

This is an unusually attractive opportunity for a young high potential accountant to join a company able to offer wide scope in overall company financial control together with real opportunities for personal development. The company, part of an international group, markets and manufactures high quality products and is well known as a brand leader. The person appointed will have responsibility for all management and financial accounting and will be expected to play a broad role as part of the management team in determining and administering financial policy.

Candidates, male or female, aged around 30, should be ACMA's or CA's who currently operate at senior management level in a large manufacturing company and can demonstrate ability in financial control related to manufacturing and marketing activities. The ability to operate under considerable pressure and potential to develop to Board level within a short time are also looked for. Salary is negotiable, around £10,000 plus car and other benefits include generous help with relocation costs to West Scotland.
(PA Personnel Services
Ref: AA45/6667/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

127 George Street, Edinburgh EH2 4JN. Telephone: 031-225 4481

PA

A member of PA International

Regional Director

Yorkshire/North of England

c. £12,000 with car

This is a rare opportunity to join one of the major UK brewery groups at a senior executive level, reporting to the Managing Director of Scottish & Newcastle Beer (North) Limited.

The post carries responsibility for the sales, marketing and distribution of our products within a major region and the post holder will be expected to meet sales and profit targets: plan local marketing strategies; manage an extensive stockholding and distribution function; and make a considerable personal contribution to the overall success of Scottish & Newcastle Beer (North) Ltd. This will require outstanding ability in analysing business opportunities: the man management skills needed to plan and organise the activities of 200 employees towards common objectives; and the installation and maintenance of necessary procedures and controls to ensure a rapid response to changes in the market place.

The preferred age range is 35 to 45 and candidates, male or female, must be able to show a proven record of success in general management, probably starting from a professional training in marketing, finance or distribution. It is, however, essential that this experience can be related to the needs of the modern brewing industry which is now one of the most dynamic and competitive sectors of the UK economy.

Conditions of employment, which include a non-contributory pension and life assurance scheme, are such as one would expect from an organisation of this standard.

Please write, in the first instance, enclosing a full curriculum vitae to:

J. B. Benson, Personnel Director,
Scottish & Newcastle Beer Company Ltd.,
Gilmore Park, Edinburgh EH3 9SB.

Scottish & Newcastle Breweries Limited

FINANCIAL DIRECTOR

(Designate)

LAKE DISTRICT — **c £15,000 +car**

We are a small but successful Company with international headquarters in an extremely pleasant Lake District location. We offer this position as part of our development programme to cope with the increasing world-wide demand for our proprietary industrial products and to plan for future growth.

An experienced professional is required to assume responsibility for the planning and management of revenues, profits and tax, deriving from the international operations of the Company and its Overseas subsidiaries.

Ideally, the successful applicant should be from an industrial background and have practical experience of contract sales abroad.

The development of refined costing procedures in conjunction with the sales, production and purchasing management functions will be an important task. The Director designate will report to the Managing Director and supervise not only the UK Accounts Department, but also the accounts functions of its Overseas offices.

We are a dynamic Company with a world lead in certain areas. We require a person with ambition and creativity to assist in managing and guiding the Company in the future.

Please send concise details of experience, and qualifications, quoting reference EB/17A, to: Box A.6560, Financial Times, 10 Cannon Street, EC4P 4BY.

Résponsable de la Comptabilité Analytique

autour de F. franc 100.000 par an selon le candidat.

- placé sous l'autorité du directeur financier et chargé de
  - la détermination et l'analyse des coûts standards, écarts, prix de revient usine et marges brutes. l'établissement et l'exploitation de méthodes s'appuyant sur l'utilisation d'un ordinateur de gestion industrielle
  - la recherche permanente de l'augmentation de la rentabilité de chaque produit, en liaison avec la production, le service commercial et la direction
    Des développements ayant rapport aux routines d'ordinateur
  - toute autre mission confiée par le directeur financier par example, contribution à la préparation annuelle du plan de développement de l'entreprise.
- ce poste est situé en Alsace et
- il comporte une réelle possibilité de promotion à moyen terme dans un important groupe international

Le choix se portera sur un homme ou une femme :-
- pourvu d'une solide formation comptable obtenue en Angleterre ACA., ACCA., ACMA.: aux Etats Unis ou en France
- pratiquant couramment l'anglais et le français
- ayant l'expérience des méthodes anglo-saxonnes de gestion, préférablement acquise dans l'industrie mécanique
- capable d'animer et de diriger une équipe
- de préférence âgé de 26 à 40 ans.

Addresser curriculum vitae manscrit avec photographie et prétentions à:
Position No. BGC 7052, Austin Knight Limited, London W1A 1DS. Les premières interviews en GB.
Discretion assurée pour toute candidature
Les demandes d'emploi sont transmises au client concerné, par conséquent vous devrez mentionner les compagnies qui ne vous intéressent pas dans une lettre d'introduction au Position Number Supervisor.

AK ADVERTISING

Financial Director Designate

London — **c. £10,000**

One of the leading rental companies in the music industry, a subisidiary of a large group, seeks to appoint a Financial Controller and Director Designate.
The Financial Controller will be responsible for the financial control of the company's operations in the UK and USA. Reporting directly to the Managing Director, he or she will work closely with him on the overall management and development of the company's activities. The job will be based in London and will involve some travelling to USA operations.
The successful candidate will be a qualified accountant, probably in mid 30's, with a proven record of achievement in financial management at a senior level in an industrial/commercial organisation. The ability to control a rapidly developing operation is essential and experience in the equipment rental business would be an advantage.
This key appointment carries a salary in the region of £10,000 p.a. and the usual large company benefits, including company car, pension scheme and sickness benefit.
(Ref: E5850/FT)
REPLIES will be forwarded direct unopened and in confidence to our client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

OR Management Consultant

Price Waterhouse Associates, members of the Management Consultants Association, require an additional consultant to join the London office of the UK division of their international management consultancy practice. The consultant will be required to carry out work involving operational research, computer modelling and statistical techniques. Particular emphasis will be placed on financial applications.

Consultancy assignments, often involving multi-discipline teams, arise in the public and private sectors both at home and overseas (for example Africa, the Middle East and in the Indian sub-continent). In the case of overseas assignments substantial additional allowances are paid.

Applicants should have a first or second class degree in a numerate discipline, preferably a post-graduate qualification in OR or statistics, about four years' experience of the application of OR in business or the public sector, knowledge of at least one computer modelling language and experience in computer based financial modelling applications from formulation to implementation in one or more of these areas:

- budget preparation
- long-term planning
- investment appraisal.

The preferred age range is 25–30 and the starting salary will be negotiated up to £8,500. The company provides a continuous training programme and excellent career prospects in an environment where promotion is entirely dependent upon ability and personal effort.

Please telephone or write for an application form to David Prosser, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY, 01-407 8989, quoting MCS/3734.

Price Waterhouse Associates

Manager Internal Systems

Merchant Bank — **City**

This is an appointment within a leading Merchant Bank which is planning a comprehensive review of its organisational methods, financial controls and the development of future computer applications. The requirement is to manage the Internal Systems Department, which is responsible for the general efficiency of the bank's systems and for computer liaison and also includes the internal audit function. The successful candidate, male or female, will probably be a qualified accountant, aged between 30 and 40, possessing a wide knowledge of systems and having experience in the use of computers as a management tool, acquired in a progressive company or major consulting firm. Experience in a financial institution would be an advantage.

This appointment carries an attractive remuneration package and has excellent scope for advancement.

Applications in confidence quoting ref. 6328 to B. G. Luxton, Mervyn Hughes Group, 2/3 Cursitor Street, London EC4A 1NE. Tel: 01-404 5801.

Mervyn Hughes Group

Management Recruitment Consultants

UNIVERSITY OF LONDON

Assistant to Secretary

—Superannuation arrangements

This is a new post created in response to rapid growth in our superannuation scheme, as well as by the new demands imposed by legislative and other requirements.

The successful candidate will assist the Secretary, helping to formulate policy, co-ordinate special projects, and to carry out research in connection with all elements of the scheme — particularly those related to the legal and technical, as well as to the negotiators and communications, aspects.

The post offers a starting salary in the range £3,834-£6,054 (inclusive of London Allowance, and under review). Other benefits include 6 weeks annual holiday and membership of the University Superannuation scheme.

Applications are invited from recent graduates in a relevant discipline such as economics or statistics or from individuals experienced in pensions work. The successful candidate will be expected to make or continue to make professional progress, including the acquisition of revelant qualifications.

Further details are available from:
Personnel Officer, University of London, Senate House, Malet Street, London, WC1
Closing date for receipt of application is 22nd December 1978.

ACCOUNTANT/SECRETARY

Urgently required for a rapidly expanding Building Services Company based in Twickenham. Applicants should be about 30/35 with a recognised qualification and experienced in accounting in the Construction industry. Duties will include maintaining full Company accounts, preparing interim and Annual Balance Sheets, regular cash flow forecasts, and combine the work of a Company Secretary.

Remuneration is negotiable around £7,000 per annum depending upon qualifications and experience.

Candidates should send a detailed career history to Box No. A.6559, Financial Times, 10 Cannon Street, EC4P 4BY.

AMERICAN EXPRESS

EXCHANGE CONTROL ACCOUNTANT

BASED BRIGHTON — **c £7,000 p.a.**
OCCASIONAL TRAVEL — **PLUS MORTGAGE SUBSIDY**

Our client is the Card Division of American Express. This is a new position reporting to the Director of Finance and covers control and co-ordination of exchange control aspects of the divisions operations in Europe, Middle East and Africa. It also will involve developing and monitoring related funding and foreign exchange policies and procedures.

Interested applicants should demonstrate a good knowledge of foreign exchange control operations, sound general accounting skills and involvement in international funding. This experience should have been gained in a commercial banking environment or a major international business operation.

Membership of the Institute of Bankers and/or an accountancy qualification is essential. Age indicator is 25-35 years.

The company offer excellent working conditions and benefits including generous mortgage subsidy, relocation assistance, non-contributory pension, life assurance and medical aid schemes, etc.

Interested applicants should telephone or write, in the first instance, David L. Sitton who will be pleased to call or meet you outside normal business hours should this be more suitable.

Michael Page Partnership

18/19 SANDLAND ST. BEDFORD ROW LONDON WC1
01-242 0965. 8

PENSION FUND MARKETING

c. £9,000

Prospects of early Board appointment

A well known City investment group is seeking a young executive for its management team to play a major role in the development and expansion of its growing pension fund management business and pensions advisory service.

Candidates, who should be well educated and preferably in their early thirties, must have sound training and experience in institutional investment management gained in a merchant bank, stockbroking firm or in an allied activity. Experience in pension fund management would be an added advantage.

An important feature of the job-specification will be the need to exhibit the ability and right personal qualities to deal with existing and prospective clients at the highest level.

Career prospects are good and there is the possibility of an early appointment to the Board of the operating company. Commencing salary is negotiable around £9,000 p.a.

Applications, which will be treated in strict confidence, should contain relevant details of career, background and experience, salary progression, age, education and qualifications.

Please send details to Box A6557, Financial Times, 10 Cannon Street, EC4P 4BY.

Senior Executives for International Oil Company

A leading oil company seeks high calibre executives to fill the following positions at it's head office in the Middle-East area.

Area Co-ordinator (Product Sales—International Marketing) Ref. K-151-78

Basic function: develop, promote and market petroleum products internationally within assigned geographical regions. Ensure that optimum profitability is achieved within the terms of established sales and marketing objectives. Co-ordinate with regional offices within the assigned region on major aspects of sales activity.

Qualification Requirements

University degree in business administration or economics or equivalent. 7 years relevant experience in international sales management of petroleum products. Perfect knowledge of English language is essential. Preference will be given to candidates with previous experience in major oil companies with background and experience in supply, logistics and planning. Candidates must also possess good analytical ability of the international oil scene.

Senior Petroleum Economist Ref. K-155-78

Basic function: develop forward supply plan covering costs and revenues based on corporate guidelines. Make recommendations on the economic and operational viability of contracts and other items which should be co-ordinated with corporate policy. Make critical analysis, discuss and appraise emerging new trends in energy matters such as changing supply demand pattern, alternative costs of different sources of energy etc.

Qualification Requirements

A university degree in chemical or process engineering. 10 years' experience in process engineering, supply planning in the oil industry and adequate knowledge of supply and cargo trading economics. Familiarity with linear programming
Perfect knowledge of the English language is essential.

Assistant Division Manager Ref. K-152-78

Basic function: to lead a team of four to six highly qualified employees in initiating and carrying out planning and economic studies related to the development of company plans. The evaluation of major capital investment project and programmes. The assessment of new business opportunities. Analysis of a wide range of operational and financial issues.

Qualification requirements

BSc in petroleum, chemical or industrial engineering. MBA or other graduate level finance/business degree. 10 years' applicable experience in the petroleum industry including refining, petroleum economics and planning with a minimum of two years in a managerial post. High proficiency in English. Age: between 32-40 years.

Senior Planner Ref. K-120-78

Basic function: carry out planning and economic studies and analyses related to the development of short and long term company plans and objectives. The evaluation of major capital investment projects and programmes. The assessment of new business opportunities and sales, and various other project studies and business analyses as required.

Qualification requirements

BSc preferably in engineering. MSc degree and/or MBA also highly desirable. 7 years' direct working experience in the petroleum industry. Preferably including exposure to refining, petroleum economics and planning. Perfect knowledge of the English language is essential.
Age: between 30-35 years.

Very attractive salaries and fringe benefits will be offered. Among the benefits: 45 calendar days of annual vacation, annual vacation air-tickets, furnished and air-conditioned apartments, educational allowance for childrens' schooling, medical insurance, etc.

Interested applicants are, in the first instance, invited to write to: Copeland and Charrington Ltd., 27, Henniker Mews, London SW3 6BL giving full details of qualifications and experience. Please also quote the appropriate job reference number on both envelope and letter.

COPELAND & CHARRINGTON LIMITED

27, Henniker Mews, London SW3 6BL

International Investment Manager

Leading Merchant Bank invites applications for the post of Senior Investment Manager, male or female, with experience in international markets, particularly those of Continental Europe.

Applications in confidence quoting ref. 6327 to
B. G. Luxton, Mervyn Hughes Group,
2/3 Cursitor Street, London EC4A 1NE.
Tel: 01-404 5801.

Mervyn Hughes Group
Management Recruitment Consultants

The Institute of Chartered Accountants in England and Wales

Education and Training

Chartered Accountant **c.£11,000**

This is a senior post in the Education and Training Dept. where the development and implementation of the Institute's policies for the education and training of students and of members is the prime task.

Responsibilities involve wide contact with members, students and their firms and include participation in the formulation of training policies and development of means for their implementation, personal lecturing and counselling at training courses and seminars, and advice and support to the Institute's committees responsible for training.

The successful applicant will be a Chartered Accountant with considerable experience of training within the profession. The ability to think creatively and to communicate effectively is essential.

Please write with full details of career to

Mr. K. A. Curl, Chartered Accountants' Hall,
Moorgate Place, London EC2R 6EQ.
(Tel: 01-628 7060).

Newly Qualified ACA

London based — to £7,500 + car

You are a first class professional auditor. You have grown tired of checking historical facts. Are you now ready to stretch yourself, develop your experience and make a more effective and immediate impact on business?

If so, an American multinational, which last year set up audit and consultancy functions to service its UK and Western European activities, is keen to recruit an individual like you and without question will provide the necessary stimulus to your career.

Experience in one of the top firms, plus the desire and ability to travel (you can be either married or single) are the only prerequisites we have set.

If this opportunity to operate with responsibility and independence in a major group appeals to you, please write in confidence with concise personal and career details, quoting reference T898/FT, to R. G. Billen.

AYMS
Arthur Young Management Services
Rolls House, 7, Rolls Buildings
Fetter Lane, London EC4A 1NL

CSL

Berks — c £14,000 + car

EUROPEAN FINANCE MANAGER

The Company An international American group specialising in the sale and service of process control systems for the paper and plastic manufacturing industries. The group, which has subsidiaries throughout Western Europe, has an impressive record of growth over the past five years and worldwide sales are currently in excess of US\$60 million per annum, of which over US\$25 million are generated in Europe.

The Job He or she will join a small headquarters team to assist the Director of Finance for Europe in the financial planning and control of European operations. Main areas of emphasis will be in raising funds, managing foreign exchange positions, cash management and the review and appraisal of financial operating procedures.

The Candidate Preferred age early thirties. Original training with an international audit practice leading to an accounting qualification and ideally experience since of international banking. A service industry or manufacturing background would be helpful.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to J. G. Cameron, Executive Selection Division at the address below. Please quote reference CS360 and include, if possible, a daytime telephone number at which you may be contacted.

COOPERS & LYBRAND ASSOCIATES LTD.
Management Consultants
Shelley House, Noble Street, London, EC2V 7DQ.

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Note: Please list any firms to which you do not wish your application to be forwarded, in a covering note addressed to the Appointments Manager.

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Details in confidence to Philip Egerton, quoting reference 131.

Philip Egerton & Associates
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Applicants should have a recognised accounting qualification or corresponding university degree. Knowledge of the hotel industry and data processing, while not essential, will be a decided advantage in the evaluation of applications. The successful candidate will be directly responsible for a department of approximately 40 staff operating a computer-based accounting system. Responsibilities will include cash management, the formulation and supervision of day-to-day operating controls, the preparation and review of monthly management reports and financial statements, the preparation and control of operating budgets and the co-ordination of all tax and legal aspects of the hotel's activities.

Salary is negotiable and will be commensurate with the background and ability of the successful applicant. Excellent benefits are provided.

Applicants should reply giving full details of previous experience and salary history, quoting reference. All replies will be held in the strictest confidence. Interviews will be held at various locations throughout Europe during the month of December.

Write Box F.1068, Financial Times,
10 Cannon Street, EC4P 4BY.

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Applications for the post of Director are invited from professional engineers with extensive experience in product design and commercial development. The Director will be an employee of the Institute and the first tasks will be to develop the role of the Centre and to appoint the staff. The salary will be in the range of £12,000-£14,000 p.a. plus other benefits. The appointment in the first instance will be for a period of five years.
Initial enquiries will be welcomed by Professor P A McKeown (Bedford 750862).

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Further particulars may be obtained from:
The Personnel Officer,
Cranfield Institute of Technology,
Cranfield, Bedford, MK43 0AL,
(Bedford 750111)
quoting reference 532/F.

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DRAKE ACCOUNTING

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COMPANY NOTICES

NOTICE OF RATE OF INTEREST

Gabinete da Area de Sines

(An Agency of the Republic of Portugal)

US $50,000,000

Guaranteed Floating Rate Serial Notes 1982
Unconditionally Guaranteed as to Payment of Principal and Interest by the

Republic of Portugal

In accordance with the provisions of the Notes and Agent Bank Agreement between Gabinete da Area de Sines, the Republic of Portugal and Citibank, N.A., dated May 31, 1977, notice is hereby given that the Rate of Interest has been fixed at 13$\frac{7}{16}$% p.a. and that the interest payable on the relevant Interest Payment Date, May 31, 1979, against Coupon No. 4 will be U.S.$611.41 and has been computed on the actual number of days elapsed (182) divided by 360.

As a result of the principal repayment of $1,000 per Note due November 30, 1978, pursuant to Condition 7(a) of the Notes, the value of each Note will accordingly be reduced to $9,000.

November 30, 1978
By: Citibank, N.A., London, Agent Bank

NOTICE OF RATE OF INTEREST

U.S. $75,000,000 Guaranteed Floating Rate Notes 1983

Lloyds Eurofinance N.V.

(Incorporated with limited liability in the Netherlands)

Guaranteed on a subordinated basis as to payment of principal and interest by

Lloyds Bank Limited

(Incorporated with limited liability in England)

In accordance with the provisions of the Agent Bank Agreement between Lloyds Eurofinance N.V., Lloyds Bank Limited, and Citibank, N.A., dated May 26th, 1976, notice is hereby given that the Rate of Interest has been fixed at 12$\frac{5}{16}$% p.a. and that the interest payable on the relevant Interest Payment Date, May 31st, 1979, against Coupon No. 6 will be U.S.$562.88 and has been computed on the actual number of days elapsed (182) divided by 360.

November 30th, 1978
By: Citibank, N.A. London, Agent Bank

CITIBANK

BRASILVEST S.A.
SOCIEDADE DE INVESTIMENTO
DL NO. 1401
NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that the Administrative Council of the Company have resolved on the recommendation of the Consultative Council of the Company that an interim dividend of CR dollar 0.50 per CR dollar share should be paid in respect of the 6 month period ended 30th September 1978.

After deduction of Brazilian withholding tax at the rate of 15%, and the depositories expenses of U.S. dollar 0.01 per depositary share the amount payable in respect of each original depositary share is U.S. dollar 195.35 in respect of each depositary share (second series) is U.S. dollar 183.45 and in respect of each depositary share (third series) is U.S. dollar 156.44.

The interim dividend will be available on or after November 28, 1978 to holders of the relevant international depositary receipts on surrender of dividend coupon no. 5 attached to IDRs in respect of the original depositary shares, of dividend coupon no. 4 attached to IDRs in respect of depositary shares (second series) and of dividend coupon no. 1 attached to IDRs in respect of depositary shares (third series) at any of the paying agents:—

MORGAN GUARANTY TRUST COMPANY OF NEW YORK:
—BRUSSELS, 35 Avenue des Arts
—NEW YORK, 15 Broad Street, New York 10015
—LONDON, 33 Lombard Street, London EC3
—SWITZERLAND, 38 Stockerstrasse CH 8022 Zurich

THE ENGLISH ELECTRIC COMPANY LIMITED
4% DEBENTURE STOCK 1965/85

In accordance with the terms of the Trust Deed, a drawing for redemption purposes, of £100,102 of the above stock will take place on the 14th December 1978 in respect of stockholders on the Register at the close of business on the 7th December 1978. Notice to stockholders affected will be posted on the 27th December 1978.
By Order of the Board,
A. C. BURROWS, Secretary

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)
A member of the Barlow Rand Group

PAYMENT OF COUPON NO. 79

With reference to the company's profit announcement and dividend notice advertised in the press on 27th October, 1978, the following information is published for the guidance of holders of share warrants to bearer. The dividend was declared in South African currency and in accordance with the conditions of payment of this dividend, payment from the offices of the Secretaries of the company in the United Kingdom will be made in United Kingdom currency at the telegraphic transfer rate of exchange between Johannesburg and London which ruled on 27th November, 1978.

Payment will be made against coupon No. 79 on or after 3rd January, 1979 in U.K. currency at the London Bearer Reception Office, Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ or in French currency at Credit Lyonnais, 19 Boulevard des Italiens, 75002 Paris.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10.00 a.m. and 3.00 p.m.

Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent. United Kingdom income tax will also be deducted from coupons presented for payment at the London Bearer Reception Office unless coupons are accompanied by Inland Revenue declarations. Where such deductions are made the net amount of the dividend is as follows:—

	South African currency per share cents	UK currency equivalent per share pence
Amount of dividend declared	75.00	44.39235
Less: South African non-resident Shareholders' tax at 15%	11.25	6.65885
	63.75	37.73350
Less: UK income tax at 18%		7.99062
		29.74288

Secretaries of the Company in the United Kingdom:
Charter Consolidated Limited,
40 Holborn Viaduct,
London, EC1P 1AJ
29th November, 1978.

NOTE:
The Company has been asked by the Commissioners of Inland Revenue to state:

Under the double taxation agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 18% instead of at the basic rate of 33% represents an allowance of credit at the rate of 15%.

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the eighty-third annual general meeting of Transvaal Consolidated Land and Exploration Company Limited will be held in the Conference Room, Eleventh Floor, 62 Fox Street, Johannesburg, on Thursday, 18th January, 1979, at 11.00, for the following business:

1. To present the audited annual financial statements and group financial statements for the year ended 30th September, 1978.
2. To elect directors in accordance with the provisions of the company's articles of association.
3. To place the unissued shares under the control of the directors.

The register of members of the company will be closed from 12th to 18th January 1979, both days inclusive.

A member entitled to attend and vote at a meeting may appoint one or more proxies to attend and speak and, on a poll, vote in his stead. A proxy need not be a member of the company. For the convenience of members who are unable to attend the meeting but wish to be represented thereat, a proxy form will be sent to members on request to either the United Kingdom secretaries or the transfer secretaries in Johannesburg. The attention of members is drawn to the fact that if it is to be effective, the completed proxy form must reach the company's transfer secretaries in Johannesburg or its United Kingdom registrars and transfer agents at least forty-eight hours before the time appointed for the holding of the meeting (which period excludes Saturdays, Sundays and public holidays). Holders of share warrants to bearer who desire to be represented at the meeting must produce a certificate of their holding from an authorised depositary at the bearer reception office of the company's secretaries in the United Kingdom, 40 Holborn Viaduct, London EC1P 1AJ, at least ten days before the date appointed for the holding of the meeting, and shall otherwise comply with the "conditions governing share warrants" in force. Upon such production a proxy form will be issued, under which such share warrant holders may be represented at the meeting.

By Order of the Board
RAND MINES LIMITED
Secretaries
per M. B. Dunderdale

Office of the London Secretaries:
Charter Consolidated Limited,
40, Holborn Viaduct
EC1P 1AJ.

Office of the United Kingdom Registrars and Transfer Agents:
Charter Consolidated Limited
P.O. Box 102,
Charter House, Park Street,
Ashford, Kent TN24 8EQ
10th November, 1978.

COMPANY ANNOUNCEMENT

RICHARDS BUTLER MIDDLE EAST

We are pleased to announce the formation of the partnership Richards Butler Middle East. One of the partners in Richards Butler Middle East, Mr. A. L. G. Trew (who is also a partner in Richards, Butler & Co.), is now resident in Abu Dhabi and is working at P.O. Box 6891, Habroush Building, Istiqlal Street, Abu Dhabi, U.A.E. (telephone no. 21850—telex no. 3603).

RICHARDS, BUTLER & CO.
5, Clifton Street, London EC2A 4DQ

UNIVERSITY APPOINTMENTS

UNIVERSITY OF NAIROBI —KENYA

Applications are invited for the post of SENIOR LECTURER in the DEPARTMENT OF BUSINESS ADMINISTRATION. Applicants should have at least a MSc in Business Administration, Management, or a related Social Science field and have either considerable industrial experience, or research and teaching experience at University level. Candidates with an MSc should have at least four years teaching experience and those with a PhD or equivalent at least two years teaching experience at University level. Candidates should also have a good research record. Relevant industrial experience will be an advantage. The appointee will be expected to teach at under-graduate and post-graduate levels and have capacity to teach at least two of the following sub-disciplines: Business Policy and Decisions; Organisational Theory and Behaviour; Personnel Administration and Labour Relations; Research Methodology; Public Enterprise Management. Salary Scale: K£2,850-3,864 pa. (K£1 = £1.6 sterling). The British Government is unlikely to provide salary supplementation and associated benefits. Family passages; SSSF or FSSU; non-contributory medical scheme; subsidised housing; housing allowance. Detailed applications (2 copies) with curriculum vitae and naming 3 referees to be sent direct to Registrar (Recruitment and Training), University of Nairobi, PO Box 30197, Nairobi, Kenya, by 3 January 1979. Applicants resident in the UK should also send one copy to the Inter-University Council, 90/91 Tottenham Court Road, London W1P 0DT. Further details may be obtained from either address.

LEGAL NOTICES

... his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of January 1979.

No. 003524 of 1978

In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of KILLINGHALL TIN LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition was on the 15th November, 1978 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the reduction of the Capital of the above-named Company from £160,000 to £10,000 by cancelling all the Stock Units of 25p each of the said Company in accordance with the said Scheme of Arrangement.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Brightman at the Royal Courts of Justice, Strand, London WC2, on Monday the 11th day of December 1978.

ANY Creditor or Stockholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 24th day of November 1978.

STEPHENSON HARWOOD,
Saddlers' Hall,
Gutter Lane,
London, EC2V 6BS.
Solicitors for the said Company.

No. 003747 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of A. L. DANIELS & COMPANY LIMITED and in the Matter of the Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 22nd day of November 1978, presented to the said Court by JOSEPH WILFRID WILLIAM HUNT-RODS, trading as MIDLAND COMMERCIAL SERVICES, of 6 College Street, Northampton, NN1 2QP, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 15th day of January 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

D. J. FREEMAN & COMPANY,
8 Cavendish Square,
London W1M 9DD.
Ref: PB/4213
Tel: 01-636 4651
Solicitors for the Petitioner.

LABOUR NEWS

Large areas of industry strike-free, survey shows

BY ALAN PIKE, LABOUR CORRESPONDENT

STRIKES IN Britain are "extremely concentrated" with few stoppages in large sections of industry.

This general conclusion—"very different from the popular image of widespread and frequent strike activity"—is drawn from an extensive study of Britain's strike record from 1966 onwards carried out by the Department of Employment.

A full report will be published soon, but some of the broad points are covered in an article in this month's Department of Employment Gazette.

The research shows an upward trend in the number of strikes through the years surveyed, but this is not correspondingly reflected in working days lost, which tend to be determined by comparatively few big disputes.

On average there were more than 2,600 strikes a year between 1966 and 1973 involving a loss of 9m working days.

Differences in the level of strike action between industries declined between 1966 and 1976, largely because strikes spread to new areas. Even so, five industries—coal mining, docks, motor vehicle manufacture, shipbuilding and iron and steel—accounted for a quarter of strikes and a third of working days lost.

The research identified eight occupations—dockers and stevedores, drivers, fitters, labourers, welders, electricians, mining power loaders and machinists—which were involved in about 30 per cent of stoppages.

Despite an increase in the level of strike activity among white-collar workers, 85 per cent of strikes in an average year involved manual workers alone, with members of six large unions—together representing half the trade union organised workforce—involved in about 80 per cent.

Although less than 5 per cent of stoppages were official, these accounted for more than 40 per cent of working days lost.

The research supports previous evidence that strikes tend to be concentrated both industrially and geographically. Between 1971 and 1973, a period of comparatively high strike activity, 95 per cent of manufacturing plants were strike free.

In an average year 98 per cent of such plants did not experience strikes, although the figure was down to 90 per cent in some parts of the country. However, the 2 per cent of plants affected employed about 20 per cent of the manufacturing workforce.

The number of working days lost by strikes last month—1,806,000—was the highest for several years, largely as a result of the Ford strike.

Civil Service union moderates backed

BY PHILIP BASSETT, LABOUR STAFF

RIGHT-WING members of Britain's largest Civil Service union, the Civil and Public Services Association, stepped up their campaign yesterday for the return of moderate candidates in the new elections for the union's executive.

Last month, the elections held at the union's annual conference in May were declared void when some branches were found to have switched votes from candidates they had nominated in the vice-presidential election. Since then the 235,000-strong union has been run without an executive.

Full results from the re-run election, in which voting started this week, will not be available until next month. But Mrs. Kate Losinska, the union's vice-president, said yesterday that the result of the first branch to vote, the headquarters branch of the Department of Employment, showed an "almost complete" switch to the moderate position.

The vote-switching discovered in the May elections was "only the tip of an iceberg of malpractice," she said. The block voting system being used in the re-run elections was "open to similar errors, faults and malpractices."

She hoped the re-run elections would return a more politically balanced executive, though under the present voting system the change could not be a significant one.

The Left seized control of the executive in the May elections, swinging the balance of power from 15—11 in favour of the Right to 20—6 in its favour, excluding the two elected Left-wing vice-presidents.

The Right's campaign for the elections include a call for constitutional provision for the introduction of a postal ballot system; a demand that the union "conducts tough negotiations rather than arbitrarily resorting to hasty strikes"; and a plea for maximum involvement by members in the union's affairs.

Mrs Losinska denied accusations from Left-wing members of the union that the "assault" on the elections for the executive had been timed "as a deliberate attempt to sabotage the pay campaign." She reaffirmed support for the joint campaign threatened by all Civil Service unions against the Government's 5 per cent limit.

Textile plant ban on bonus working

By Our Belfast Correspondent

MORE THAN 2,000 manual workers at James Mackie and Sons, the Belfast textile engineers who were blacklisted for breaching phase three guidelines, are to withdraw from bonus working from Monday. Production may be disrupted.

Their action is in protest against Mackie's refusal to exceed the guidelines again this year. Shop stewards said that 40 hours a week would still be worked but, because the company had implemented a five per cent increase rejected by the manual workers, arrangements were being made to stop other work.

Mackie had failed to improve its offer during two months allowed by the unions, stewards said.

Export credit guarantee facilities were withdrawn for a year when Mackie gave employees 22 per cent rises in the face of a ten per cent guideline.

Speedy start on BL Cars deal depends on stewards

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS hopes of speedy implementation of a pay and productivity deal rest on a meeting of senior shop stewards in Coventry today.

The main question is whether stewards will baulk at the company's insistence that the package—worth about 17 per cent for the low-paid plants—must be conditional upon productivity improvements.

The trade union side of the central negotiating committee will be recommending acceptance of the offer, but the vote was so narrow that it is believed to have been decided by the casting vote of the chairman.

The company offer provides for a 5 per cent rise, back-dated to November 1, plus moves towards parity of earnings between plants by next November.

Controversy is likely to centre on the implementation of overtime and shift payments negotiated by the Engineering Employers' Federation last April. The trade unions have argued that such payments, which could raise earnings of many workers by an average £4 a week, should have been made from the beginning of this month.

The company maintains that it cannot afford to offer the money until February. That decision alone will provide an important test of the flexibility of Government pay policy.

The Department of Employment has so far taken a hard line, insisting that any premium payments must be offset against the 5 per cent pay ceiling. BL Cars believes it can justify the extra money on the argument that payments will be financed through higher productivity.

Political levy

If the BL stewards accept the argument of their negotiators that the package offered is the best that can be obtained, the issue will be put to a ballot of the 100,000 manual workers.

● Britain's two largest unions are to be asked by irate Ford workers to withhold the political levy from the Labour Party.

Dispute causes shortage of heating pipes

By Our Labour Staff

A TWO-WEEK-OLD pay strike at the Wensbury copper tube factory in Wolverhampton was said yesterday to have led to an acute shortage of pipes for central heating installations.

About 1,000 workers at the factory, which is part of the Glynwed Group, were due for their annual pay settlement last August but negotiations have been delayed because of a row over bonus payments. The factory is one of the three biggest suppliers in the country.

The National Council of Building Materials Producers said the strike was having "a big impact" on home improvement work. Even before the strike, tube makers supplying the industry were working to full capacity because of a big increase in home improvement contracts over the past 12 months.

Transport and General Workers' Union officials said they would be meeting shop stewards tomorrow to discuss the position. They said the company was trying to cut by half the value of a productivity bonus negotiated last year.

The company said it had made a pay offer within the Government's pay guidelines, including proposals on an output bonus.

Talks to save £36m ships order begin today

BY LYNTON McLAIN

BRITISH SHIPBUILDERS is to meet the Confederation of Shipbuilding and Engineering Unions in Newcastle today for talks about industrial action at the Haverton Hill yard which is jeopardising a £36m order for two container ships.

The corporation has already lost an order for a similar £18m vessel because it could not meet a delivery date of late next year in spite of a chronic shortage of work and the threat of 12,300 redundancies, possibly starting next year.

The vessel was part of a programme to build three ships involving the Bank and Savill Line and the Shipping Corporation of New Zealand, which placed its order in Germany.

Bank and Savill placed letters of intent for the other ships with British Shipbuilders this month, but draughtsmen at Haverton Hill have refused to hand over drawings.

British Shipbuilders planned to lay the keel of one ship in the berth now filled by HMS Illustrious—awaiting its launch from Swan Hunter's Tyne yard on Friday. The other 16,300 deadweight tonne vessel was expected to go to Smith's Dock Company on the Tees.

However, all building work is held up by the action of the draughtsmen, who are worried about possible closure of the Haverton Hill yard after December 8 when its last vessel, the New Zealand Star, leaves.

Bank and Savill Line has insisted on tight adherence to the agred delivery dates of early 1980 for both ships.

Call to reject shipyard overtime ban

GENERAL and Municipal Workers' Union members in the north-east are to be recommended not to follow the action of Boilermakers' Society members in banning overtime from January 1 in British Shipbuilders' yards.

Mr. Bill Porter, representing the 9,000 GMWU members said after a conference yesterday in Newcastle of 40 shop stewards and convenors that it had been decided that the union would not impose a ban in protest over threatened redundancies in the yards—but would work normally, "in the hope of attracting more work to the north-east."

Peace plan for social workers rejected

BY OUR LABOUR STAFF

HOPES FOR an end to the widespread industrial action by social workers foundered yesterday when union leaders rejected a five-point plan for salary grading and local bargaining on job responsibilities.

The local government committee in the National and Local Government Officers Association threw out the plan in spite of the union having been party to a joint working group report on the issue with employers.

Industrial action over a claim for local bargaining rights has increased among Britain's social workers since last September. At present, about 2,000 social workers in 10 local authorities are on strike and two other areas may be joining the action by the end of this week.

The union said yesterday that 11 out of 12 regions had rejected the offer outright, but talks would continue aimed at finding a solution.

How does this ad work?

Tick the things that make this ad work:

☐ **By familiarizing**

"Advertising works by familiarizing, by making something well known, bringing it into common use. This is the absolutely basic *value* created by advertising, the one underlying all others."

☐ **By reminding**

"Advertising works by reminding—a function that may alone, in some cases, make advertising pay."

☐ **By spreading news.**

"Advertising works by spreading news—not only news in the newspaper sense, but a special kind of news that only advertising in the commercial field can most widely deal with....

"The vitality which news gives to advertising is so great that when it is not available built-in no Advertising Man will fail to seek it elsewhere."

☐ **By overcoming inertias.**

"No matter how effective an advertisement may be in creating interest and desire, there is always some loss in response due to the inertia which keeps people from taking even the action they might have been disposed to take....

"There are common causes for the inertia—either the reward for action is remote and often intangible; or the penalty for inaction is delayed. What kind of advertising message has a chance to overcome such inertias?"

☐ **By adding values.**

"Advertising works by adding a value not in the product—the most challenging field for creativeness in advertising....

"Subjective values are no less real than tangible ones."

If you are responsible for an advertising campaign, do the same for one of your ads. Be honest! Then read on...

There are five basic ways in which advertising works. Any one advertisement may work in one or more ways. They are described by James Webb Young of JWT in his book "How to become an Advertising Man." Jim Young was a writer at JWT from 1912-64 in America and in Europe.

If you would like a copy of his book, please complete the coupon. We think it's one of the best books ever written on the subject by anyone anywhere. But perhaps we're biased. Anyway, we shall know how well this ad worked when we count the coupons.

We only have 100 copies of the book, so you might like to complete the coupon now...

Please complete this coupon, pin it to your letterheading and send it to Jeremy Bullmore, The Chairman, J. Walter Thompson Co. Ltd., 40 Berkeley Square, London W1X 6AD. (01-629 9496)

Please rank, from 1 to 5, the ways in which this ad worked for you.

☐ By familiarizing. ☐ By reminding. ☐ By spreading news.
☐ By overcoming inertias. ☐ By adding values.

Please send me a copy of Jim Young's book, or an apologetic letter if this is not one of the first 100 coupons you receive.

Name____________________

Position in Company____________________

____

JWT

("How to become an Advertising Man" by James Webb Young was published in Chicago in 1963 by Advertising Publications, Inc.)

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

COMMERCIAL RADIO AWARDS

A winning ride for the 'Indian' bus conductor


Peter Sellers—captivating the adworld

THE BEST radio commercial of 1978 was "Indian Bus Conductor" starring Peter Sellars and produced by Molinare for agency Colman and Partners and client Camping Gaz. Well, it won the gold microphone award on the vote of the audience at the third annual radio awards organised by Campaign at the Dorchester last Monday.

But perhaps it would be wiser to wait for the rival Marketing Week radio presentations at the Hilton on December 11 when the whole process is repeated. The fact that two such occasions can be held within a fortnight of each other and both packed to the gunnels shouts loudly that a large slice of the advertising world is getting fat on commercial radio this year.

All told expenditure on radio could touch £30m, a substantial improvement on the £23.1m of 1977. Obviously the growth rate is slowing down but radio is taking full advantage, and more, of the advertising boom which looks set to last at least until the summer. The long awaited downturn may actually happen by autumn 1979 but in the meantime radio, and advertising generally, will be fully stretched trying to meet the demands of advertisers.

Already some advertisers have failed to get time this autumn on the sought after breakfast radio spots on the main stations, and although demand is easing off in December rather earlier than in 1977 there is every confidence that it will pick up again in January.

An encouraging feature is the possibility that by the end of 1979 two more commercial stations will be on the air—in Cardiff and Coventry—making a network of 21 stations. Six more should arrive in 1980 and then three-quarters of the population will be able to receive commercial radio, making this virtually a national medium.

At the moment some of the smaller stations are failing to attract advertisers at the rate of the big city operations, like Capital in London, Clyde in Glasgow and Piccadilly in Manchester, because of their comparatively high cost per listener. Whereas Capital can offer itself as a radio alternative to Thames TV, and has a revenue in excess of £6.5m to prove it, Plymouth is not yet in a position to rival Westward TV. But when there are stations in Torquay and Exeter it could be another story.

Radio awards are good prestige events and they suggest that even the largest agencies now take radio seriously. There might still be room for improvement at the creative level but standards are rising and even the more dubious clients, like the food companies, are starting to invest in radio. A list of the top ten radio advertisers makes interesting reading, showing a much wider spread than television, which is almost completely retailer dominated.

The top five radio advertisers this year to date are Barclays Bank, British Airways, Walls meat products, Boots and Safeway, all spending in excess of £250,000. They are followed by Barratts, the liquor retailers, Wrangler jeans, the Eggs Authority, Aqualia cream, and Mothercare. New, potentially large, advertisers, like Mars confectionery, are increasing their investment in radio.

Its attractions are its comparative cheapness, its ability to pinpoint markets, and the short lead times. The Camping Gaz campaign is a case to point. The commercials were transmitted during a six week spell in the spring in the five main cities with commercial radio. The cost was around £50,000 and the aim was to broaden awareness and use of the product. It brought this French company its highest sales ever in the UK.

Not only is radio satisfying advertisers. All the stations on air are making a profit, at least on a month by month basis and there is no shortage of candidates for the new stations. With the IBA obviously aiming to cover the country with commercial radio all the signs are favourable that this medium will survive he potetnial cracks in confidence next year better than most.

Anthony Thorncroft

BRANDS VERSUS RETAILERS

A sudden death

BY IAIN MURRAY

Those manufacturers of branded goods who have responded to hyperinflation by slashing advertising budgets are committing commercial suicide, according to Mr. Roy King, director of sales and marketing at Heinz.

Speaking at a meeting of the Institute of Practitioners in Advertising on the subject of brand versus retail advertising, Mr. King said that advertising was often the easiest cost to cut, partly because of the difficulty of reducing other overheads—particularly the wage bill in today's environment—and partly because in the late 'sixties it became fashionable to believe that advertising may be less necessary for well entrenched brands.

"Both of these trends and short-term actions now need vigorous resistance if branding is to survive, and I believe the advertising profession should take a much more serious, sober and professional interest in lobbying for its product," he said.

One of the more ardent lobbyists, Mr. Stephen King, head of J. Walter Thompson's development group, echoed Roy King's fears, but exempted Heinz from the blame that attaches to so many makers of branded goods.

Between 1970 and 1977, said Stephen King, retail advertising had increased by 417 per cent, while expenditure on the top 35 brands had halved. "Many branded goods manufacturers have got into a vicious spiral," he said. "Low profits have led to low investment—in new plant, new processes, new products, product improvements, R. and D., skilled management and workers, advertising and consumer research.

"This has been followed by lower profits which leads to further cuts in investment.

"By contrast, retailers appear to have got into a virtuous spiral. Many have invested in new sites, new stores, new methods, new skills, advertising and research. Though the going has been hard, on the whole profits have improved, which has led to more investment."

Mr. Peter Davis, Sainsbury's marketing director, said that it was misleading to talk about brand versus retail advertising, because they were complementary. A criticism of retail grocery advertising is that it is all about price, but what the critics often mean is that it is about the price of brands.

"To my mind there is a clear distinction between advertisers' *brand* advertising and retailers' advertising of the price of brands," said Mr. Davis. "Very often the manufacturer who criticises us retailers for advertising that is indistinguishable is nowadays producing products which are indistinguishable from each other.

"I think one of the weaknesses in Stephen King's argument is the lack of stress placed on the need for a difference or advantage in the quality of the product against competition."

Mr. Davis criticised the growing practice of manufacturers giving advertising moneys to retailers. "It is dangerous for brands. It has increased the stakes and over-emphasised the importance of promotions rather than concentrating on year-round distribution. Generally it is the weaker manufacturer, or one with indistinguishable brands, who gives in to the retailer, and is then followed by the people he is trying to beat."

He added that housewives are often well aware that there is not much to choose between brands, and that there is considerable evidence in some markets of brand switching solely on grounds of price. Maybe, said Mr. Davis that was why manufacturers were prepared to subsidise retailers' advertising rather than spend money promoting their brands.

Agency News in Brief

● A pilot survey, commissioned by Charles Barker Recruitment, predicts, not surprisingly, that The Observer will make the major readership gains if The Sunday Times ceases publication. Half the readers who look at the job sections would switch to The Observer, a third to the Sunday Telegraph, one in ten to the Sunday Express, and the remainder split around.

● The seasonal pre-Christmas campaigns for perfumes include £500,000 by Prince Matchabelli for its Aviance and Cachet fragrances (agency Davidson Pearce) while Boots is advertising "If" nationally with £140,000 in two weeks, and launching "Fiori" in ATV and Trident. Agency is McCormick Richards.

● Brentfords once the major TV advertiser returns to the medium for a pre-Christmas promotion, selling the stores for gift buying. The agency is Benton and Bowles.

● Reckitt and Colman is test marketing Hot Measure, a hot lemon bedtime cold remedy, in the Yorkshire TV region. The company has brand leader Lemsip in the fast growing £3.5m liquid cold remedy market.

● The Economist Intelligence Unit has analysed the UK consumer adhesives market which it estimates at £36.6m at retail prices in 1977. The DIY side is put at £19.6m. The comprehensive survey of the industry costs £700.

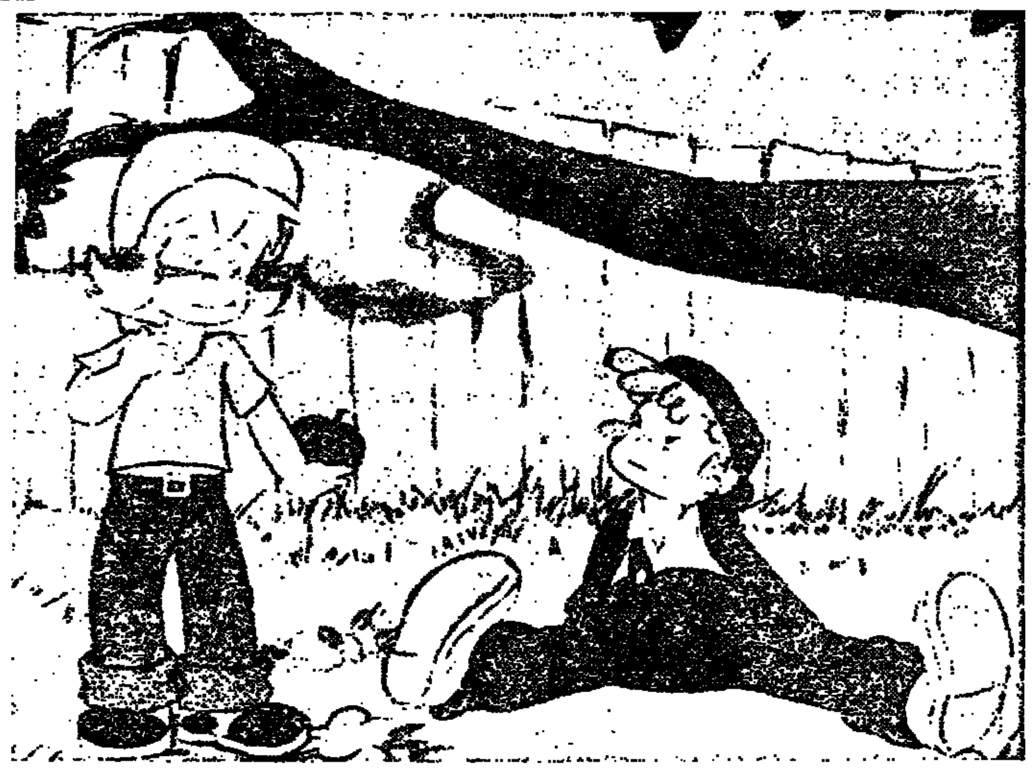
● McCanns has appointed Mike Reynolds from Allen Brady Marsh as a creative director.

● J. Walter Thompson is to act for National Airlines worldwide from March 1979. The U.S. airline is the third largest flying into Europe.

● During the first three months of 1979 Danish Agricultural Producers will be spending £650,000 on a national advertising and promotional campaign to boost its share of the UK bacon market. This is in addition to the £450,000 being spent during the whole of next year to promote Danepak, Denmark's brand leader in the pre-packed bacon market, plans for which were announced last month.

● The Yellow Pages TV campaign, which broke on July 3, not only reversed the seasonally low summer usage figure but also raised directory usage to record heights. Current research shows that during one week in September 34 per cent of all adults (over 14m people) used Yellow Pages, compared with 32 per cent in August and 29 per cent in July. This represents a 30 per cent increase in two years. Sixty-two per cent of homes now have a telephone—a total of nearly 11m households — and so receive a copy of Yellow Pages, compared with only 54 per cent in 1977. Post Office projections for future connections are that by 1990. 90 per cent of all homes will have telephones.

● December sees the start of a Christmas burst of advertising for Campari in both the Evening Standard and on TV in the London area. Budget is £50,000 for the national equivalent of £185,000.


The Bisto Kids are being brought back in a £500,000 national TV campaign for the gravy powder which is to break on December 4. The first burst will last for six weeks and there are two new 30-second commercials. The commercials contain live action sequences featuring roast meat joints while the Kids "have been given more mischievous characters and updated clothes." The TV advertising will run alongside a national poster campaign which is currently appearing on over 8,000 hoardings and which finishes at the end of December.

The Daily Star — in orbit but course unknown

BY PAMELA JUDGE

IN WHAT orbit is the Daily Star—now nearly a month out from lift-off? From an agency media man's point of view it is on a wandering course.

Ogilvy Benson and Mather is putting clients into the new daily which mainly circulates in the north. But—as OBM's Mike Chapman points out—the Daily Star is freely available in London, at least at major railway stations. So that confuses the circulation picture let alone the ad. rates. The circulation estimates up and down Fleet Street emanate from many a nook and cranny, but media directors in ad. agencies seem to be at one—they are waiting for a statement. Particularly since the figures appear to be bouncing around 500,000-750,000.

Another factor that confuses the pure buying scene is the discounting. Current Daily Star quotes are "well under the first published prices so that probably represents good value." In retrospect it seems that several media men think that it would have been better to base ad. rates on a lower figure (say 750,000) than the initial estimate of 1.4m. and then if the new paper had done well, raise them. At any event at this time of year budgets have been allocated so with any spare money it is a question of leaping in and out.

At Benton and Bowles the view is that the paper was launched into that part of the country where discounting advertisement rates was rife anyway.

The Sun with its good yield per page for instance, is thought to be unable to satisfy demand for classified space in the South. Therefore if the space can be used in the north for display there will often be, from the agency buyer's point of view, a good rate. A similar situation applies at the Daily Mirror.

The agency's media news digest for November makes the observation that "it is important to understand that the paper (the Daily Star) is being produced to take up spare production capacity, rather than to take advantage of a newly perceived market opening. As a consequence it is likely to have a largely negative impact on the advertising end of the market during its launch period. That is to say, it is unlikely to generate many new readers or much new advertisement revenue but will obtain both mainly from existing newspapers." If the new paper takes from its rivals then it will make them less cost effective. Nonetheless B&B hopes that competition will prove beneficial to advertisers since competition will keep the rates war going.

J. Walter Thompson's view is that it "cannot see why regular national advertisers should suddenly switch or add to their budgets."

All this is reinforced by the Media Expenditure Analysis survey of the launch of the Daily Star. The picture is presented by volume rather than the more usual MEAL rate card studies and geographic coverage has to be allowed for. By November 4 The Daily Star had got 7 per cent of display advertising in the area and 3 per cent of classified compared with 20 per cent and 9 per cent respectively in the Sun, for example. By the end of the following week (November 11) the Daily Star figures were 13 per cent and 10 per cent while those of the Sun were 20 per cent and 12 per cent. For the week ending November 18 the bounce was down to 12 per cent and 6 per cent (Daily Star display and classified) and 17 per cent and 8 per cent (Sun display and classified).

All in all a very muddled picture but media directors do have one thing in common—they all want more openings for clients to advertise in.

LOMBARD

Auditing the public sector

BY GEOFFREY OWEN

THERE HAS been a good deal of criticism of the inconsistent manner in which the nationalised industries present their financial results each year. Not only is it difficult to make out how each corporation is performing, but it is virtually impossible to draw any useful comparisons between one industry and another. This is a problem which is not confined to the giant organisations like British Rail or British Steel. Thanks to the activities of successive governments over the past 10-15 years, there is a long list of government-owned undertakings, some reporting to a government department, others buried within the National Enterprise Board or one of its sister agencies. In some ultimate sense they are all subject to the control of the Treasury, but they enjoy considerable freedom in the way they conduct their affairs during the year and report to the taxpayer at the end of it.

Comprehensive

Since we seem to be stuck with a very large public sector for a long time to come, it is worth considering new arrangements for enabling the taxpayer to obtain an overall view each year of all the enterprises which he owns, and to examine, in some detail and on a consistent basis, how each of them has performed. Such a comprehensive annual report would certainly not take the place of the regular investigations carried out by House of Commons Select Committees; indeed, it might form the subject for a separate Parliamentary examination.

An indication of what I have in mind is the three-volume annual report put out every year in India by the Bureau of Public Enterprises, which is an agency within the Treasury. The public sector in India plays an even bigger role in the economy than it does in the UK; it includes, for instance, a number of large engineering companies, some set up by the Government for import-substitution purposes, some taken over from the private sector when they went bankrupt. But the principles under which the Bureau of Public Enterprises operates are well worth studying.

Its most recent report covers 156 operating companies. As in the UK, they are spread among a number of different Ministries. The report contains a set of tables which provide comparative figures on profits and losses, manpower, capital investment, value added and so on; it also includes summary reports in a standard form, on each individual enterprise. The Bureau is, of course, not just a report-producing body. It plays an active role in monitoring performance throughout the year. It recommends to the Government ways of dealing with lame ducks and generally seeks to upgrade management competence throughout the public sector.

No one would suggest, least of all in India, that the Indian public sector is a model of efficient administration though there are some outstandingly well-run companies within it; the extent of political interference, both by Ministers and by civil servants, is probably worse than in the UK. Equally, the management deficiencies of government-owned enterprises in this country are not going to be solved by the creation of yet another government agency to monitor them. But what may have some merit is for the monitoring arrangements which already take place within the UK Treasury to be made more public and to include, among other things, an all-embracing annual report along Indian lines. Such a report should be more than a compendium of facts and figures, though these would be helpful in themselves; it could also discuss current issues such as how to separate out costs arising from social obligations imposed by the Government.

Targets

One of the most urgent needs in the UK nationalised industries, especially but not exclusively those which are monopoly suppliers, is to develop performance standards based on best international practice, against which efficiency can be measured. Publication of these standards would enable outsiders to know how productively government-owned enterprises are using their capital and their labour. While the performance of, say, the postal service cannot be compared directly with that of British Rail, each should have performance targets which are intelligible to the outside observer and which provide the basis for some comparison of relative management efficiency. Working out appropriate performance indicators is a task for the central monitoring agency.

Managers of public sector companies may feel that the less they have to do with the Treasury the better; they would rightly resist any new bureaucratic interference in their operations. But whether they like it or not, they are all part of the public sector. The taxpayer is entitled to a full and coherent account of how they are using his money.

Untruths: a question of place

A PACK OF LIES sent by telex and by telephone from the Bahamas to London, according to allegations made by the London party recently, stirred quite a flurry of judicial interest. The main question, finally resolved by the Court of Appeal on November 7, 1978, was: where was the alleged deceit committed? In the Bahamas, where the alleged lies were spoken and typed? Or in London, where they were heard and read?

The court decided unanimously that, as in libel and slander, the deceit, if proved, was perpetrated in the place of "publication"—that is, in London. Consequently, the man in the Bahamas could be sued in an English court for damages. But let me also say right away that he could come to no harm even if the allegation were proved true, because the man in London could not prove that he really suffered damage as a result.

The dispute was between Mr. Hyman Richard Diamond, a London commodity broker, and the Bank of London and Montreal, based in Nassau. The events took place in 1973-74, when sugar was scarce and the market volatile—a situation which yielded a crop of law cases being threshed out in the courts to this day. There was a rumour at that time that a huge consignment of sugar, about 1m tons, was to be had—though no-one knew where it was coming from. Mr. Diamond was offered this mysterious consignment by an American company of sugar brokers. But neither the American company nor Mr. Diamond wanted to disclose its clients to each other before the deal was complete. As usual in such circumstances, they agreed that a bank, namely the Bank of London and Montreal, was to be given enough information to be able to satisfy Mr. Diamond that the offer was genuine.

In due course, Mr. Diamond claims, he received by telex and by telephone assurances from Mr. R. McLean Bease, manager of the trust department of the bank, confirming that the sugar was available and that the American company was to be relied upon. He said he had seen the documents and all was genuine. But those assurances, Mr. Diamond now claims, were fraudulent. There never was any sugar; Mr. Bease knew it, and was leading Mr. Diamond up the garden path because he hoped to obtain a commission.

Mr. Diamond further claims that, relying on what the bank's manager told him, he made arrangements to sell 500,000 tons of sugar to a Lichtenstein company and turned down an offer of sugar from another source. However, he could not say anything specific about this alternative offer and supplier. And this caused his case to collapse: The Court of Appeal held that he did not make out a good, arguable case that he suffered any damage from the alleged fraudulent representations.

Before the Court of Appeal reached this conclusion, it dealt with three preliminary questions. The first, already mentioned, was whether the bank could be sued in London for the alleged fraud of its manager. In saying yes, it could be sued here, the Court of Appeal overruled Mr. Justice Donaldson, who held that the alleged tort was committed outside English jurisdiction, namely in Nassau, from where Mr. Bease telephoned and telexed.

The second preliminary question was whether the bank could not be exonerated by Section 6 of the Statute of Frauds Amendment Act, 1828, which states that actions can be brought in respect of assurances concerning the credit worthiness of another person only if made in writing and signed. Lord Denning, Master of the Rolls, said that it seemed plain that the Act would not protect the bank in respect of all the allegations made by Mr. Diamond.

But on the third question, namely whether the bank could be helped by the fact that the telex message stated "without responsibility on the part of the bank we confirm, etc." Lord Denning thought that there seemed quite a lot to be said on that point. It is curious that words which we take to be so routine that we perceive them to be devoid of any significance can prove decisive when it comes to the crunch.

* * *

An innocent party which makes untrue declarations acting on the instructions of a villain can come to considerable harm, particularly if the party is a forwarding agent. In this particular case the declarations were made in a bill of lading which concealed the fact that there was ammunition buried in barrels of bicarbonate of soda. It will be not surprising that the case concerns a journey from Trieste to Beirut.

Dismissing the appeal in case 11 ZR 10/77, the Bundesgerichtshof (BGH), the German Supreme Court of appeal, said there is no escape for the Hamburg forwarding agent from his responsibility for the damage suffered by the shipping company in becoming an unwitting party to armaments smuggling, and from the penalty attaching to an understatement of the true value of the cargo.

The Hamburg forwarding agent loaded 70 barrels believed to contain bicarbonate of soda on MS Irma. After arrival in Beirut the Lebanese customs discovered that hidden in the bicarbonate was small-arms ammunition. The customs seized the cargo and detained the ship for several days until they received from the shipping company a deposit of US$25,000. They also fined the captain of the ship Lebanese £960,000 (£165,000). The Trieste shipping company which operated MS Irma sued the forwarding agents in the Hanseatic Oberlandesgericht in Hamburg, asking for compensation for all damage caused by the discovery of the concealed ammunition and, in addition, a penalty of a doubled freight charge for the declaration of ammunition as bicarbonate of soda. The latter is carried at a substantially lower freight rate.

The main defence of the forwarding agent was that the bill of lading clauses on which the shipping company relied were in small print and unfair as they tended to penalise an innocent party. But the BGH said the decision of the Hamburg court, which went against the forwarding agent, was right. It was true, in general, that a contract clause might be seen as unfair when imposing a penalty where there was no culpability. But in the special circumstances of marine business this was not so. Ships had to turn round in ports quickly and the shipping company had to rely on the correctness of declarations made by forwarding agents. These could not be allowed an easy escape from responsibility by claiming good faith and pushing the responsibility onto persons with which the shipping company had no direct dealings.

The responsibility of the shipper (in this case the forwarding agent) for the correctness of bills of lading could be independent of any guilt and this was recognised also by the "Hamburg Rules" adopted by the UN Conference on Sea Transport on March 31, 1978.

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

No Bombs has sound chance

RACING

BY DOMINIC WIGAN

JONJO O'NEILL, 6-4 with Victoria Sporting to win the National Hunt jockeys' championship and for a second time, must hope more than most that frost does not rule out today's Haydock card as it did yesterday.

O'Neill, trailing John Francome by 13, has several well fancied mounts in prospect, including the Easterby pair, No Bombs and Eminence.

My idea of his best prospect is the first, a St. Paddy colt owned by the Snailwell Stud Company. Always up in the fighting line at Teeside Park last time out, this well made recruit to the winter game found little difficulty in beating the heavily backed Swagger Stick.

No bombs, having only his second race over hurdles, ought not to be hard pressed to follow up in the opener, Division I of the Weaverham Hurdle, now that Mr. Snow and Lutomer Traminer have come out.

Ninety minutes after that race it will be interesting to see if Eminence can retain his unbeaten record over the minor obstacles with a win in the Garswood Pattern Hurdle. Eminence, winner by five lengths over Sunshine Lie and 10 others at Newcastle on the first of the month, was then backed down to 3-1 on for a division of Ayr's Gathead Hurdle 10 days ago.

He duly obliged, but with a particularly slow time (nearly 10 seconds behind Starlight Lad's in the other division) and I would not care to guess at his true merit.

A better proposition might be Dowdall, who went under by a head to Swing Through at Ascot a few days ago after his rider, Jimmy Burke, had taken things too easily after jumping the final flight.

Bachelor's Hall remains the choice for the carried forward Edward Hanmer Memorial Chase: while Irish Tony, owned by Cocked Hat Farm Foods, is taken to get back on the winning trial in the St. Helens Chase.

Sir Desmond Plummer, chairman of the Horserace Betting Levy Board, yesterday confirmed the board's commitment to research on equine respiratory diseases.

He said: "My board is well aware of the concern in the racing industry arising from the outbreaks of respiratory infections in certain stables. This is a matter which has received attention for many years.

"In 1972 the board carried out an investigation of equine influenza and the recommendations made at that time, which included a policy of vaccination, have had a considerable impact in keeping the disease under control.

"Since then a sum in excess of £250,000 has been allocated to major projects on other types of equine respiratory infections, and these projects are still in progress and will continue."

The dual Derby winner, Shirley Heights, has won the 1978 Racehorse of the Year award, with 21 votes. Tromos was second, with five, there were three for Buckskin, two each for Devon Ditty and Swiss Maid, and each for Fair Salinia and Sea Pigeon.

HAYDOCK

12.30—No Bombs**
1.00—Inca Warrior
1.30—Prairie Master
2.00—Dowdall***
2.30—Bachelor's Hall*
3.00—Irish Tony
3.30—Embargo
3.55—Breeze Wagon

TV/Radio

BBC 1

† Indicates programme in black and white

9.41 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Bagpuss. 2.14 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Emu's Broadcasting Company (EBC-1). 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 The Good Life.
8.30 Mastermind.
9.00 News.
9.25 After the Dream: "Omnibus" presents a film about Peter Brook.
10.25 Snooker: Coral United Kingdom Professional Championship.
11.10 Tonight.
11.50 Weather Regional News.

All Regions as BBC 1 except at the following times:—

Wales—2.14-2.34 pm I Ysgolion. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 11.50 News and Weather for Wales.

Scotland—9.41-10.01 and 11.30-11.50 am For Schools. 5.55-6.20 pm Reporting Scotland. 9.25 This Wonderful Transaction by John Prebble. 10.55 Thursday Night. 11.35 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.10 The Fall and Rise of Reginald Perrin. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School (As BBC 1 3.55 pm).
5.10 Open University.
7.00 When the Boat Comes In.
7.50 Mid-Evening News.
7.55 Newsweek.
†8.30 Midweek Cinema: "Ninotchka," starring Greta Garbo.
10.15 Accident.
11.05 Late News.
11.20 Open Door.
11.50 Closedown, talk.

LONDON

9.30 am Schools Programmes. 12.00 Topper's Tales. 12.10 pm Stepping Stones. 12.30 Toycraft. 1.00 News, plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Fallen Hero. 3.20 Looks Familiar. 3.50 The Sullivans. 4.20 Children's Film Matinee: "Joe Dakota."

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 The Bionic Woman.
8.00 George and Mildred.
8.30 TV Eye.
9.00 The Sweeney.
10.00 News.
10.30 Thames Report.
11.00 Rafferty.
12.00 What the Papers Say.
12.15 am Close: A picture by Picasso, music by Stravinsky.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Women Only. 4.20 Spiderman. 4.45 The Beachcombers. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 Botanic Man. 10.30 Mystery Movie: McCloud. 12.20 am Your Music at Night.

ATV

1.20 pm ATV Newsdesk. 3.50 The ATV Thursday Picture Show. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Richard Nixon at the Oxford Union. 11.00 Movie Premiere: "A Cry For Help," starring Robert Culp. 12.30 am Untamed Frontiers.

BORDER

†1.20 pm Border News. 4.20 The Little House on the Prairie. 5.15 Laverne and Shirley. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Richard Nixon at the Oxford Union. 11.00 Chuckle In. 11.30 Police Surgeon. 11.55 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 4.20 The Little House on the Prairie. 5.15 Cartoon. 5.20 Spiderman. 6.00 Channel News. 6.10 Lassie. 10.28 Channel Late News. 10.32 Sandokan. 11.00 Movie Premiere: "The Strange and Deadly Occurence." 12.20 am News and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 4.20 The Little House on the Prairie. 5.15 The Bob Newhart Show. 6.00 Grampian Today. 10.30 Police Newsroom. 10.35 Sportscall. 11.15 Reflections. 11.20 Grampian Late Night Headlines. 11.25 The Practice.

GRANADA

1.20 pm This Is Your Right. 4.20 The Life and Times of Grizzly Adams. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 The Six Million Dollar Man. 10.30 What's On. 11.00 What The Papers Say. 11.20 Barnaby Jones.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.20 Little House on the Prairie. 5.15 Job-Line Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 I Think We'll Call You Georgie Fame. 7.00 Six Million Dollar Man. 10.25 Bardsey Island. †11.35 The Thursday.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20 Seren Wib. 4.45 The Flockton Flyer. 5.15-5.20 Jobline—Wales. 6.00-6.15 Y Dydd. 6.30-7.00 Sports Arena.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

1.25 pm News and road and weather. 2.00 Women Only. 4.20 Tarzan. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Marnock Way. 7.00 Botanic Man. 7.30 Welcome to the Ceilidh. 10.30 The Ambassadors. 11.30 Late Call. 11.35 Emergency.

SOUTHERN

1.20 pm Southern News. 2.00 Women Only. 4.20 Lassie. 4.45 Beachcombers. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Richard Nixon at the Oxford Union. 11.00 Southern News Extra. 11.05 Barnaby Jones. 12.05 am What The Papers Say.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.00 Women Only. 4.20 Thursday Matinee: "Destination Inner Space" starring Scott Brady. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Northern Scene. 11.15 Pro-Celebrity Snooker. 12.00 The Bob Newhart Show. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 The Beachcombers. 4.45 Lassie. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.25 Police Six. 6.35 Happy Days. 7.00 Emmerdade Farm. 7.30 Botanic Man. 10.30 Counterpoint. 11.00 The Practice. 11.25 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 The Little House on the Prairie. 5.15 Cartoontime. 5.20 Just the Job. 6.00 Westward Diary. 10.28 Westward Late News. 10.30 Westward Report. 11.00 Movie Premiere: "The Strange and Deadly Occurrence" (TV Movie). 12.20 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 4.30 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Richard Nixon at the Oxford Union. 11.00 The Love Boat. 11.00 In Concert.

BBC Radio New Wavelengths

1 1053kHz 285m, 1089kHz 275m
2 693kHz 433m, 909kHz 330m & 88-91vhf stereo
3 1215kHz 247m & 90-92.5vhf stereo
4 200kHz 1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium Wave

5.00 As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen. 7.30-10.00 As Radio 2. 10.00 John Peel (S). 12.00-2.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Roy Castle in Castle's on the air. 10.30 Star Sound Extra. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00 am News Summary.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Puccini (S). 9.50 BBC Symphony Orchestra (S). 10.25 Mozart Piano Music (S). 11.25 Midday Concert, part 1: Schubert (S). 12.10 pm Words (talk). 12.15 Midday Concert, part 2: Strauss (S). 1.00 News. 1.05 Bradford Midday Concert (S). 2.00 Orchestral Concert, part 1: Schubert, Schnittke (S). 2.50 In Short (talk). 3.00 Orchestral Concert, part 2: Schubert, Beethoven (S). 4.00 To the Memory of a Great Artist (S). 5.20 Piobaireachd for St Andrew's Night (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: Giulini conducts the Berlin Philharmonic (S). 7.30 World Theatre: "Conditions of Agreement" by John Whiting (S). 9.45 Falla (S). 10.25 Scientifically Speaking. 11.10 Scottish Baroque Ensemble (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek with Desmond Wilcox. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 Analysis. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The Peter Hudson Show (S). 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.10 Questions to the Prime Minister live from the House of Commons. 3.35 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 BBC Welsh Symphony Orchestra: Berlioz, Mozart, Debussy (S). 8.55 The Western Isles. 9.25 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 78. 10.03 Late Night London. 12.00 As Radio 2. 12.05 Question Time from the House of Commons. From 1.05—As Radio 2.

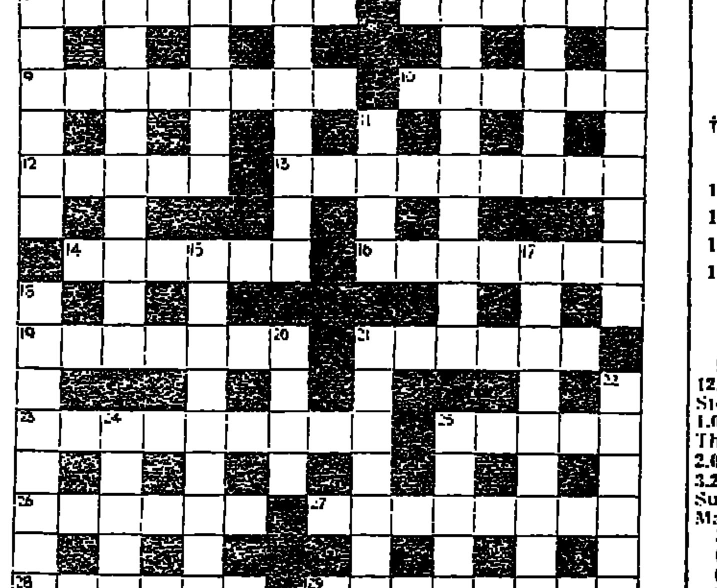
London Broadcasting

5.00 am Morning Music. 6.00 A.M.: non-stop news, information, travel. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,836



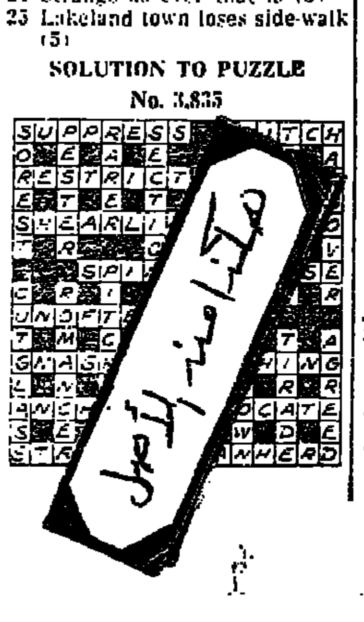
ACROSS

1 Game taken by people with glasses (8)
5 Emotional change of position (6)
9 In the past or the future (8)
10 Classes given information on age (6)
12 Peculiar card game (5)
13 Part of the brass earned by elephant (9)
14 Close to being officious (6)
16 Note canvas roof becoming evident (7)
19 Bird auction ring allowed (7)
21 Old Bob Lock acquires an accent (6)
23 Gladly concede rest (3, 6)
25 Venomous creature seen in summer (5)
26 Incentive to grow vegetable (6)
27 Transporter is plane sailing for 13 (5, 3)
28 Attempt to consume within agreement (6)
29 Belt mare to produce shivering (8)

DOWN

1 Give up reading The Waste Land (6)
2 Article left by master to matchmaker at old school (4, 5)
3 Manage to pass (3, 2)
4 Boy in the grass (7)
6 Superior might master . . . (9)
7 . . . lifeless part of container traffic (5)
8 Sunday best pleased local papers (4, 4)
11 Pound of tobacco for chewing (4)
15 Become helpless by Autumn more or less (4, 5)
17 Theft by one of the establishment reported in part of the Bible (6, 3)
18 Understood how to make mischief lawful (8)
20 Cultivate drawer of cash (4)
21 Remains of a woodcutter (7)
22 Twist summons delivered to chap (6)
24 Strange as ever that is (5)
25 Lakeland town loses side-walk (5)

SOLUTION TO PUZZLE No. 3,835



ENTERTAINMENT GUIDE

Young Vic

The Tempest

by B. A. YOUNG

A little bearded man in a grey suit and a soft hat sits at a garden table in the middle of the bare open stage, consuming a roll and a bottle of wine. He might be a professor of philosophy, say, in a down-market university. But no, this is Prospero, sometime Duke of Milan, and there he sits until Act 5 while the action rages about him. Or perhaps there is no action, perhaps the whole insubstantial fabric is an absurd dream of revenge in his mind from Elba or St. Helena. Does not the play end with the solitary old man, throwing aside his magical fantasies, praying simply to be set free?

The drawback to playing *The Tempest* in this way is that it is deprived of the picturesque images that abound throughout the play. You would imagine that a man dreaming of magic spells would see them as colourful and active, yet Michael Bogdanov keeps everything restrained by the utmost economy. There is no representation of the shipwreck, there is no harpy, there is no masque, though Juno sees one in her mind's eye. Moreover, the costumes are of our own day: Stephen Boxer's Ariel loafs about in grubby white flannels, John Labanowski's Caliban is a human figure wearing only a loincloth and a coating of dirt.

Yet this is the play in which Shakespeare is most profuse with his stage-directions, directions like "Solemn and strange music; and Prospero on the top, invisible. Enter several strange shapes, bringing in a banquet; and dance about it with gentle actions of salutations; and, inviting the King, etc., to eat, they depart." If you drain away all this decoration, you are left with only half the play, and this is what we have at the Young Vic. Even the music is reduced to a minimum: when Prospero orders music, "which even now I do," he is rewarded with silence.

Bill Wallis plays Prospero, and keeps his voice in as everyday a key as the rest of the production. Stephano (James Carter) and Alonso (Malcolm Rennie) are the only two who infuse any individuality into their parts; the others, even Fiona Victory as Miranda, seem to be content to get the sense over and leave it at that. Ferdinand in Christopher Ashley's hands seems to have taken on rather a hangdog personality, not at all a prince who believes himself to be a king.

Ariel's appearance is generally signalled by offstage singing of "I will lift up mine eyes unto the hills, from whence cometh my help" in the manner of an Anglican choir, which is odd in a play where God is so determinedly ignored. Mr. Boxer has written his own songs, but is never allowed to make much of them.

My feeling is that Mr. Bogdanov's idea of a purely mental *Tempest* is a good one but inappropriate to such a Spartan production. Without demons and goddesses and so on, you need lashings of music and speech as expressive as you would require for a radio production. Neither of these luxuries is given us. The performance is played without an interval and runs for about two hours and a quarter.

Leonard Burt

Christopher Ashley and Fiona Victory

Half Moon

The Machine Wreckers

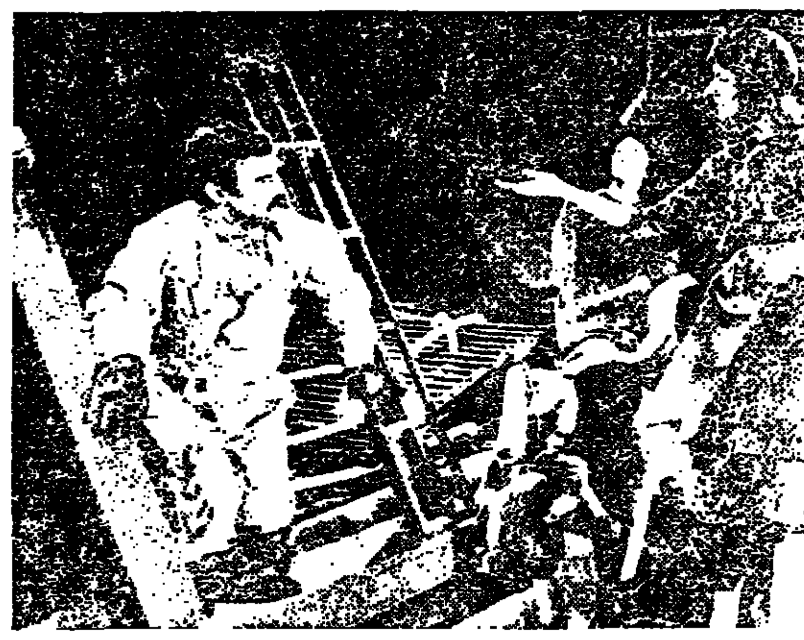
Ernst Toller (1893-1939) is famous these days for his reputation, established by productions of plays written while he served a five-year prison sentence for his participation in the 1919 Bavarian Soviet. *The Machine Wreckers* was premiered in 1922 at Max Reinhardt's Grosses Schauspielhaus, Berlin. While Piscator and Meyerhold mounted other spectacular Toller productions, *The Machine Wreckers* became a favourite set piece in the repertoire of the Workers Theatre Movement in England after its British premiere at the Kingsway Theatre in 1923.

The Half Moon's luxuriantly small-scale version, directed with cool precision by Tim Albery, is welcome first of all as a chance to fill gaps in our knowledge of German Expressionism. It is, admittedly, a less typical example of the movement than other Toller plays — *Masses and Man* (conveniently revived at the Cockpit this week) or *Hinkemann*, for example—but it proceeds with a brute narrative strength even if the individual scenes do not, as John Willett has observed, contain dialogue of much tension.

Toller uses the weavers' Nottingham strike of 1815 to develop an argument for workers welcoming the new technology in order to take control of it and improve their lot and that of their children. Jimmy Cobbett, the Toller-style visionary hero, propounds his Marxist message in the teeth of what he brands short-sighted resentment to the machine installed by the smooth-tongued boss, Ure. His chief adversary is Ned Lud (John Hartley) a blunt, stolid weaver with 13 children. The debate is aggravated by the cowardly John Wibley (David Fielder), a cringing collaborator of the overseer who sells his daughter to gratify the capitalists' lust.

In this area of the play I find more texture than I had expected, and the adept company of just eight actors and three children conjure a grim underworld among a landscape of filthy garbage that gathers around the audience's ankles. The designer is Mick Bearwish, and his materials include torn sheets of plastic, rubber tubing, grills, and several large rabbit holes that encircle the action like so many furnaces. The company dash in and out of them, the scenes with Ure conducted on a tall gantry and delivered with classic Expressionistic verve.

The climax is stunningly well done, the whole theatre erupting in an industrial light show, with grumbling sound effects, as the workers attack first the machine and then the sacrificial Jimmy, whom Jim Hooper invests with unsanctimonious righteousness and naive self-assurance. The company also includes the extraordinary Simon Callow, doubling a literally unbeatable Ure, sleek and vicious, with the strange masked character of the Old Reaper, a dispossessed agrarian who believes the wrecked machine to be God and the mutilated Jimmy his son. The translation used is that prepared by Peter Tegel for a recent radio broadcast. MICHAEL COVENEY



Scene from The Machine Wreckers

New National year

Seven new productions are scheduled to join the National Theatre's repertoire in 1979. The Olivier Theatre will present *A Fair Quarrel*, a rarely-performed Jacobean drama by Thomas Middleton and William Rowley; *The Fruits of Enlightenment*, a comedy by Tolstoi in a specially commissioned new translation by Michael Frayn; the British stage premiere of *Open Country;* a tragi-comedy of 1911 by Arthur Schnitzler in a specially commissioned new version by Tom Stoppard; and *The Oresteia*, the massive trilogy by Aeschylus, in a specially commissioned new translation by Tony Harrison, with music and choruses by Harrison Birtwistle.

Opening in the Lyttelton Theatre will be *Close of Play*, a new play by Simon Gray, and *For Services Rendered* by W. Somerset Maugham.

The National Theatre's small auditorium, the Cottesloe, is to present *The Long Voyage Home*, four short plays of the sea by Eugene O'Neill, given together in a single production. The Cottesloe will also stage the first play in *The Oresteia* trilogy, *Agamemnon*, as work-in-progress before it moves to the Olivier, where the other two plays, *The Libation Bearers* and *The Eumenides*, will then open alongside it to complete the production.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1977							
3rd qtr.	106.3	103.3	106	104.3	234.2	1,413	151
4th qtr.	105.9	102.1	107	104.4	239.4	1,431	157
1978							
1st qtr.	107.1	102.5	110	106.3	246.0	1,409	188
2nd qtr.	111.1	105.0	106	108.0	254.2	1,367	213
3rd qtr.	110.6	104.8		110.8	267.6	1,380	213
May	110.1	103.7	115	108.4	255.2	1,366	210
June	111.7	105.9	99	108.7	257.3	1,365	217
July	111.1	105.2	109	111.4	265.8	1,371	211
August	110.9	105.2	110	111.8	270.3	1,392	209
Sept.	109.8	104.0		109.5	266.6	1,378	219
Oct.				109.5		1,360	228
Nov.						1,339	231

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
3rd qtr.	104.3	98.7	116.5	99.9	107.8	101.3	25.4
4th qtr.	104.9	97.5	114.4	98.7	95.2	100.2	20.7
1978							
1st qtr.	105.3	99.8	116.3	100.8	95.4	97.2	17.8
2nd qtr.	107.9	99.2	122.9	100.7	108.2	99.4	26.7
3rd qtr.	107.1	100.5	122.4	101.6	102.3	100.6	22.8
May	107.0	99.0	121.0	100.0	106.0	97.0	25.1
June	109.0	100.0	124.0	101.0	112.0	98.0	30.7
July	106.0	101.0	124.0	101.0	113.0	101.0	23.6
August	108.0	101.0	122.0	103.0	93.0	101.0	20.3
Sept.	107.0	99.0	121.0	100.0	101.0	99.0	24.5

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
3rd qtr.	124.4	106.6	+ 31	+574	−602	101.0	13.4
4th qtr.	117.6	102.7	− 5	+507	−657	102.4	20.39
1978							
1st qtr.	120.0	114.1	−608	−313	−642	104.8	20.63
2nd qtr.	122.5	110.4	−150	+183	−398	104.6	16.75
3rd qtr.	126.1	116.0	−281	− 56	−511	105.2	16.55
June	122.0	111.9	−101	+ 10	−107	104.2	16.54
July	127.1	116.1	−134	− 59	−221	104.5	16.74
August	125.2	111.2	+ 68	+143	− 95	105.7	16.4
Sept.	125.9	120.7	−215	−140	−195	105.5	16.51
Oct.	128.2	111.8	+119	+209	−131	105.2	15.97

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
3rd qtr.	28.0	10.4	20.3	+365	1,157	1,149	7
4th qtr.	23.2	12.6	8.7	+698	1,639	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6½
2nd qtr.	8.5	15.7	24.6	+2,858	694	1,393	10
3rd qtr.	16.8	5.3	8.6	+525	746	1,427	10
June	8.5	15.7	24.6	+314	147	459	10
July	9.3	9.5	34.7	+104	200	458	10
August	5.7	1.6	15.7	−292	200	493	10
Sept.	16.8	5.3	8.6	+713	346	476	10
Oct.	13.7	5.4	1.6	+535	363		10

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
3rd qtr.	116.1	148.4	142.9	184.7	192.1	239.9	61.8
4th qtr.	119.9	142.2	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
2nd qtr.	129.9	146.3	152.0	195.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.7	199.2	206.2	253.74	62.3
June	133.1	147.0	152.7	197.2	206.7	242.27	61.3
July	133.6	145.8	153.8	198.1	206.1	237.68	62.1
August	131.7	144.2	154.8	199.4	206.2	248.54	62.4
Sept.	134.2	144.8	155.6	200.2	206.3	253.74	62.7
Oct.		145.7	156.4	201.1	205.6	265.32	63.1

* Not seasonally adjusted.

Book Review

Wagner to the life

by RONALD CRICHTON

Cosima Wagner's Diaries. Vol 1. 1869-1877. Edited and annotated by Martin Gregor-Dellin and Dietrich Mack. Translated and with an Introduction by Geoffrey Skelton. Illustrated. 1,199 pages. Collins, £15.

Cosima Wagner was the daughter of Liszt and Marie d'Agoult. Her first husband was her father's pupil, the pianist and conductor, Hans von Bülow, to whom she bore two daughters, and whom she left in November, 1868, to join Richard Wagner at Tribschen near Lucerne. On January 1, on New Year's Day following, she began the diaries which were to continue until Wagner's death in 1883. He regarded them as material for the completion of his autobiography *Mein Leben*, begun earlier at the request of King Ludwig II of Bavaria. Cosima intended them for her children to read after her death as justification of her conduct to Bülow and to give them "the essence of Richard."

The existence of the Diaries was known. They were used as source material by two biographers, Glasenapp and du Moulin Eckart, but only recently have they passed out of strict custody. Cosima apparently entrusted them to her youngest daughter Eva, who married Houston Stewart Chamberlain, Hitler's "ideal Englishman." Eva had a running feud with the Bayreuth archivist Otto Strobel. In order to prevent his gaining access to the Diaries she had them consigned to a bank vault in Munich where they were to remain for 30 years after her death—she lived until 1942. Recently they were published in Germany, and here they are in a readable translation by Geoffrey Skelton which in itself is a considerable achievement.

This fat first volume covers momentous years mainly at Tribschen, the charming, cosy villa on Lake Lucerne and at Wahnfried, the un-charming, uncosy, headmaster's house which Wagner built for himself at Bayreuth. These were the years of resumption of work on *The Ring* after the long gap filled by *Tristan* and *Die Meistersinger*, of the birth of the son, Siegfried (Cosima had already borne two more daughters, Isolde and Eva, officially Bülow's, actually Wagner's), of divorce and remarriage, of the choice of Bayreuth in Thuringia for the Festspielhaus for the production of *The Ring*, of the laying of the foundation-stone of the theatre, the building, and the opening in 1876.

What makes the Diaries fascinating is the setting of these events against a foreground of domestic trivialities. Cosima was acutely aware of their momentousness but (assuming no doubt that her children would be equally aware) she allows them to be half hidden by a mass of detail about what she, Richard and the children did, said and felt—especially felt. Feelings included health. Every passing malaise was noted. Not a day but brought its ups and downs. Though there was laughter, much of the time was spent in tears—Cosima's health officially broke in middle age, but she lived to be over ninety, while of the children only two died before they were 70. And the dreams! Both Richard and Cosima's dreams are noted in vivid detail—they seem to have had nights as tormented as Strauss's Clytemnestra, Cosima wracked by visions of Hans von Bülow, Richard by glimpses of his dead first wife, Minna. The nightmare described on page 724 is worthy of *Der Freischütz*.

And yet, in spite of so much emotion, an enormous amount was done. Richard continued to write his music dramas on a scale not approached by anyone else before or since—to say nothing of his voluminous prose works and the elaborate preparations for Bayreuth. Apart from writing her diary, Cosima ran the house, controlled the children (Daniela, the eldest, had rebellious tendencies and once dared to describe one of Mama's jokes as "boring," an act of disloyalty which nearly shattered Cosima). When required, she acted as Richard's amanuensis, only too glad to ink in pencil sketches for *Siegfried* and *Gotterdämmerung*. They talked, they read widely and mostly aloud to one another (the Greeks, Shakespeare, Calderón, Goethe) they played piano duets. One of my favourite entries (February, 1876) runs "Talked a lot about the Arabs, then about the trio of the Scherzo in the A major Symphony." When Siegfried was born Richard wrote the entries for Cosima, describing the experience through her eyes with more skill as a writer than she possessed. But on the whole the directness of her writing (apparently she never wholly mastered German grammar) is an advantage.

Cosima was a ruthless but extremely capable woman who dealt with a situation difficult in many ways with a success that few other women could have approached. Minna, the pre-success partner of all time, would have been useless now. And yet, in spite of her intelligence and quick mind, the Diaries bristle with prejudice — the French, Catholics (Jesuits especially), and of course the Jews. Anti-Semitism persists like the buzzing of a mosquito, though it could evaporate when personal friendship, expediency, or both, dictated. Her German nationalism had the zeal of the convert —by birth she was Franco-Hungarian.

Most composers with a strong personality are unsure guides to other men's music. Wagner's reported comments are more often than not just, perceptive and enlightening, but he had his limitations too. One visit to Vienna abruptly introduced the couple to different worlds. Of Verdi's Requiem Cosima thought it "est to say nothing." *Carmen*, the next night, was "interesting for the glaringness of the modern French manner." The ambiguousness of Cosima and Richard's feelings for her father, Liszt, deserves a study in itself.

Paper and printing are good, illustrations mediocre—not one photograph of Cosima's handwriting. There are useful notes and a copious index which could be more detailed still. But why one volume and not two? The result is as unwieldy as the Peerage, and nobody reads that for the length of time the Diaries imperiously claim. For those with poor sight the book is too heavy to hold at the right height. In bed, it threatens to bruise the rib-cage. One has to devise impromptu book-rests in uncomfortable positions. The publisher must somehow invent a better format for the remainder of the Diaries. However, much physical discomfort they inflict, they will be expectantly awaited.

Cosima and Richard Wagner

National Gallery paintings given ultra violet protection

Protection against fading caused by ultra violet rays has been given by the National Gallery to its rooms showing early and 15th century Italian paintings, by means of Sunshield clear adhesive filter film.

The work for these galleries, which contain much precious early Italian work including Uccello's *Battle of San Romano*, was carried out by Suncell, Windsor, under a Department of Environment contract, has involved treating 570 glass or perspex laylights in galleries one to five and the boardroom with about 6,000 sq ft of Sunshield clear polyester ultra violet filter adhesive film.

The Sunshield film replaced a loose-laid film which became torn and curled up so that its screening properties against ultra violet rays were not complete.

International festival of mime

Following sell-out seasons in the last two years, the third international London Mime Festival will take place from January 10 to February 10, 1979 at the Cockpit Theatre and elsewhere.

From classical mime to clown theatre, the festival offers a variety of performance styles, and this year, for the first time, includes special performances for children.

The main venue will be the Cockpit Theatre, with performances also being held at the French Institute Theatre, the Goethe Institute Theatre, Jackson's Lane Theatre and the Roundhouse Downstairs.

Sadler's Wells

Solo Ride

by CLEMENT CRISP

Dancers are particularly fascinating as they stand in the wings of a theatre waiting to make an entrance: fidgeting with a costume, testing a shoe, brushing sweat away, they are yet utterly concentrated, their entire personalities in the narrowest focus upon the task in hand. They look at their most beautiful, because most essential as artists.

These thoughts are prompted by a glimpse of Tom Jobe waiting just off-stage in Richard Alston's *Rainbow Bandit* which ended London Contemporary Dance Theatre's programme on Tuesday. Every angle of his body, the intense absorption of his pose, suggested a performer of noteworthy gifts. Jobe was the hero of the evening, dancing in all three ballets, and starring in no uncertain terms in the newest piece of the repertory — Micha Bergese's *Solo Ride*, which was receiving its London première.

It seems to me Bergese's most accomplished work to date, and probably his most mysterious. It is an exercise in the irrational, a side-ways-on view of relationships that teeter on the brink of surrealism as Jobe appears riding a tricycle, a dummy *doppelganger* behind him, and four girls in baggy pants and voluminous shirt tops await his arrival. Within a walled alcove sits a musician who joins in Douglas Gould's inconsequential and attractive score. Jobe, a dancer of *racée* silhouette, lean, limber, and capable of very fast movement — an exceptional artist in everything he does — leaps, slouches, flirts, and involves himself with each of the girls in turn.

The relationships seem arbitrary, sometimes (as in the final one with Kate Harrison) very funny as Jobe prepares to repel boarders, always coolly in command of events. The piece may be intended as a dream-like joke, or a comment on Our Human Condition. I neither comprehend, nor care, but I enjoyed the dance for its unexpected nuances and for Jobe's dazzling performance in the central role.

In Siobhan Davies' ravishing, hieratic *Sphinx* which began the evening Jobe was also a central figure. Here is a dance work of the most refined manner which suddenly reveals its interpreters as figures from a bas relief, and Jobe, in an extraordinary passage in which he swings his arms across his chest, seems to typify its stylistic elegance.

In Richard Alston's *Rainbow Bandit* which ended an evening which was a triumphant vindication of second generation LCDT creativity, Jobe was part of a cast who gave an outstanding account of these rich, allusive dances. Of especial interest was the appearance of Patrick Harding-Irmer, for my money one of the most rewarding virtuoso dancers in this country with his heroic, powerful style. London Contemporary Dance remains required viewing for anyone interested in standards of dance excellence.

Book Review

Total theatre

by SANDY WILSON

The Theatre of Erwin Piscator by John Willett. Eyre Methuen, £9.95, ?? pages

I may as well confess at the outset that I am not a fan of Bertold Brecht. Thanks to the good offices of Kenneth Tynan, who was pushing Brecht at the time, I was present at the opening performance of the Berliner Ensemble in London. The play was *Mother Courage*, and, as Helena Weigel dragged that cart around the Palace Theatre stage for the umpteenth time the friend I was with whispered to me, "Isn't it amazing the way they've all made themselves so plain?" After the show there was a party at the Tynans' flat, and, when the Ensemble filed in, we discovered their secret. They didn't have to make themselves plain; they *were* plain.

The prospect, therefore, of reading a book about the man of whom Brecht said, "Let me tell you that of all the people who have been active in the Theatre over the last 20 years no one has been as close to me as you" was not particularly appealing. But in fact Erwin Piscator, though an intimate friend and rival of Brecht's never collaborated with him in his lifetime, only directing a production of *Mother Courage* after Brecht's death.

Deprived of work under the régimes of both Hitler and Stalin, he came to New York in 1938 and founded a Dramatic Workshop where the students included Brando, Matthau, Stritch, and Tennessee Williams —who admired Piscator so much that he asked to become his secretary. Returning to Germany after the war, he was at first ignored and then, in his old age, rediscovered by a new generation of political playwrights, among them Weiss and Hochhuth. He never worked in this country— a project for staging *War and Peace* was turned down, rather loftily, by Olivier in 1938—but his techniques have been pinched and plagiarised without acknowledgment by many a soi-disant avant-garde director.

The text of this book is short —less than 200 pages—but detailed and informative, and I have the feeling that it was planned on a grander scale (the illustrations are cramped and at times indistinct) as would befit the vision of its subject.

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Last-ditch follies

PERHAPS THE most effective Parliamentary case against the Government's policy of pay sanctions was made by the Chancellor of the Exchequer. Mr. Healey argued feelingly that to allow settlements such as those reached by Ford and British Oxygen to go unpunished would be a breach of faith with workers who had already settled within the "official" limits, and would open such settlements for renegotiation. In other words, under free bargaining, workers settle for what they think they can get: but if a Government talks loudly enough about norms without being able to enforce them, the highest rate of settlement achieved may be seen as a norm, even by the Government itself.

Realities

This is not, it is true, the result of the sanctions policy itself, but of the fiction on which it is based: the fiction that there is still a national 5 per cent wages norm. The Government is defending this fiction to the last ditch, both because Ministers have put their personal prestige behind it, and because the opinion polls show that the idea of wage restraint has popular support. The polls reflect that fact that the public is now sufficiently educated to realise that each individual group would be better off if everyone else showed decent restraint.

Unfortunately the fall-back position, as Mr. Healey conceded, is that if everyone is not restrained, then at least everyone should get the same as everyone else. A failed policy is potentially more cost-inflationary than no policy at all. Bargaining based on realities is likely to be more rational than bargaining based on unenforced norms.

Sanctions might still have a kind of justification in those circumstances if there was any realistic hope that they would rescue the 5 per cent policy itself, and make sure that excessive settlements remain the exception; but this is a claim that Ministers hardly dare make themselves, and which nobody is likely to believe if it is made. The case made in their defence is purely pragmatic — they did, it is claimed, have some effect last year, when the threat of sanctions persuaded some employers and unions to withdraw from settlements which threatened to breach the 10 per cent policy. That policy, however, was generally supported by the unions and in Parliament. There is no realistic chance this year that unions will agree to roll back settlements which breach a policy which they officially oppose.

In these changed circumstances, indeed, there is a clear danger that sanctions, like the fiction they are supposed to support, will make matters worse rather than better. Last year, when Ford's apparent breach went unpunished (though in fact, since Ford settlements mean what they say, the rise there was well below the average) its example was not followed. Employers fought their own battles, pleading TUC policy in aid when they could. This year, with no TUC policy to plead, they can only look at what has happened to Ford and conclude that if there is no hope of keeping within the limits the Government may by then find acceptable, they had better at least avoid the extra drain on earnings involved in a long stoppage. The threat could thus prove an incentive to give in.

Monopolies

The fact that the Conservative local authorities are already threatening to reduce the Ford sanctions to farce is therefore a welcome development. The sooner the 5 per cent fiction can be decently buried, the sooner the Government can return to the serious business of checking inflation. This means letting the market impose its own sanctions on those employers who—unlike Ford—make settlements they cannot afford, and making it clear that the Government will not rescue them. It means addressing the problem of the excessive power of monopolies, not in defence of any norm, but of a workable labour market. It means explaining realities rather than maintaining fictions. The Government now faces defeat in the field and possibly in Parliament over a policy which has become a dangerous anachronism.

Madrid gets a cautious Yes

IT IS no secret that Spain's application to join the EEC has presented the Nine with problems that most of them would prefer not to have to face. Only the UK has reacted to the request with genuinely unreserved enthusiasm, and that for motives which most other Community Governments find suspect. The concern among the more federally minded Benelux countries, for example, is that the British reaction is based on the hope that a further round of enlargement will irrevocably dilute the Community into a glorified free trade area—the very development they fear the most. West Germany is concerned about the consequences of applying the Rome Treaty's free movement of labour provisions to new Mediterranean members, while France and Italy are deeply concerned about the effects on their agriculture.

The criteria

In its opinion on Spanish membership, the European Commission quite rightly points out that the problems presented by Spanish entry are quite different in scale from those presented by Greece and Portugal, whose applications are rather further advanced. There is, of course, no question of saying No to Spain. The Commission has never reacted negatively to an entry application, and provided an applicant country fulfils the two main criteria of being European and democratic it can be virtually assured of a recommendation to open entry negotiations. Despite their anxieties on the economic front, the Nine Governments have in any case already all decided that the political grounds for Spanish entry are over-riding, as they are for Greece and Portugal too. It is accepted Community dogma that EEC membership is essential to underpin the fledgling democracies of the three Mediterranean applicants, all of whom have only recently emerged from dictatorship.

The question is thus no longer whether Spanish membership is desirable, but how it is to be achieved. The negotiations with Spain, just as the negotiations with Greece and Portugal, and the UK before them will concentrate on transitional arrangements. But while the UK, Ireland and Denmark settled for five-year transitional periods, the Commission clearly feels Spain will need considerably longer—both for its own sake and for that of the Community. The Commission's opinion is vague on the precise timing, suggesting a period of not more than ten years and possibly less for some sectors. There is no mention of a date for Spanish entry, for which the UK has suggested 1982, and the overwhelming impression left by the documents is one of caution. The Commission does not hide its belief that Spain's integration into the Community, at every level, must not only be slow but also accompanied by major changes in Spain.

Time needed

Clearly time will be needed to adjust the relatively backward Mediterranean agricultures of France and Italy to enable them to withstand Spanish competition. But there are also major potential difficulties on the industrial front. It will not be easy to persuade the Community's steel and textile industries that now is the moment to open up the EEC market to cheaper, competing products from Spain—a point of which the Commission is fully aware. Indeed, it suggests in its opinion that free movement of goods between Spain and the rest of the Community must be linked to Spanish acceptance of Community industrial policies like the Davignon Plan to prop up the Community steel industry.

Many other long-protected Spanish industries, on the other hand, will be unable to stand up to competition from the Community. Here, the Commission is quite right to propose that an immediate start be made on restructuring the Spanish economy, with Community aid, before the moment of entry. The Community could also make use of the time before Spain joins to rethink its own agricultural policies. Britain will doubtless lose no opportunity for pointing this out. In an ideal world, serious thought would also be given to the implications of the move to 12 members for the Community's institutions and decision-making procedures. But that is a Pandora's Box that many Governments will be reluctant to open.

THE MERGER WITH BORG-WARNER

Firestone's penalty for braking late

RICHARD RILEY
. . . holding company chairman

JAMES BERE
. . . no underestimating crisis

BY JOHN WYLES IN NEW YORK

AS Richard Nixon learned, there is a price to be paid for "toughing it out" and failing. It is difficult to resist the conclusion that the penalty being exacted from the Firestone Tire and Rubber Company is Tuesday night's surprising announcement of a merger with Borg-Warner Corporation. The company founded, more than 78 years ago in Akron, Ohio, by Harvey Firestone, could not have found it easy to surrender its independence. But the decision to do so almost certainly derives from the fact that last month it was compelled to run up the flag of surrender in its battle to avoid recalling up to 13.5m of its allegedly unsafe "500" steel belted radial tyres.

The resulting union with Borg-Warner is in dollar terms, one of the largest in U.S. corporate history, approaching the $2bn merger in 1976 between General Electric and Utah International. On Tuesday night's closing stock market prices the two companies had a combined value of around $1.35bn. But their combined net worth is substantially greater at around $1.5bn. Borg-Warner's approval for the merger plan cannot have been much easier to signal than Firestone's, despite the fact that the terms of the proposal appear to give it the status of senior partner.

The Chicago-based company has been undergoing considerable reorganisation in the last five years aimed at improving its profitability and reducing its dependence on supplying components to the auto industry, the cyclical fortunes of which make for a very uneven profits curve. Divestiture of marginal businesses and diversification through acquisition have brought considerable benefits to Borg-Warner, the income of which last year was 134 per cent higher than in 1975.

With this strategy starting to pay off, some of Borg-Warner's shareholders, including the leading West German component company Robert Bosch, are bound to be puzzled as to why the company should saddle itself with Firestone's problems. Doubtless, fuller explanations will be available in time. When they are, the case for the union will probably rest on the lure of cheap assets and an optimistic view of Firestone's longer term outlook.

Although corporate shareholders are no longer gripped by the growth fetish of the 1960s which spurred managements into a frenzied quest for annual earnings increases of 10-15 per cent, there is still an earnest and understandable desire for steadily increasing, good quality profits.

With many industrial sectors unable to look forward to the growth rates of previous decades, the "maturing economy," as it is called, is forcing many corporations to look for growth and diversification through acquisition. There is nothing new about this impulse, but the novelty of the last couple of years is that it is affecting an abnormal number of extremely large businesses, as can be seen from the accompanying table. The picture is one of a number of large, relatively cash rich corporations taking advantage of the bargain labels which the U.S. stock market has attached to some very respectable companies over the last few years. Thus in the first nine months of this year, actual or pending acquisitions worth more than $100m totalled 59, well in excess of the 41 total for the whole of last year.

Borg-Warner, then, is maintaining a very solid trend in which a number of other motor industry supply companies, notably Eaton Corporation, have been participating. But what is the attraction of Firestone which, notwithstanding a very expensive advertising campaign featuring James Stewart, is not on anyone's list of glittering prizes?

Part of the answer must lie in the conviction of Mr. James Bere, Borg-Warner's chairman and chief executive, that Firestone's current difficulties are temporary and that once the next two or three years have been weathered it should again reap the benefits of being the U.S's second-largest tyre company. But Mr. Bere is unlikely to be underestimating the current crisis in Firestone's affairs, for he has been an outside member of the company's board since January 1977 and has had a grandstand view of its growing torment.

This started to build towards a climax earlier this year when, after examining 6,000 consumer reports detailing 14,000 separate tyre failures, the National Highway Traffic Safety Administration concluded that there was sufficient evidence to warrant a recall of Firestone's "500" steel-belted radial. The implications of this conclusion were shattering to Firestone, which between 1972 and the spring of this year had marketed this tyre as its main radial product. It had produced some 23m units and both before and after the NHTSA's preliminary determination Firestone doggedly refused to accept that there could be any basis to the agency's finding.

The unfavourable publicity was magnified by public hearings during the summer. Still Firestone insisted that there was no safety defect in its tyre despite the fact that by this time it had lost nine court cases and settled 64 without trial. Most of these were brought by plaintiffs alleging personal injury caused by tyre failure and one resulted in an out-of-court payment of $1.4m following the death of two parents and the serious injury of their child.

Many observers felt that Firestone's public intransigence was only deepening the wound in this proud but conservative company. By September, in an apparent acknowledgment of its weak position, Firestone had hired top Washington lawyer Clark Clifford to try to negotiate as graceful a capitulation as possible. The settlement formula with the NHTSA was damaging but not the rout which it might have been. The NHTSA agreed that Firestone should replace "500" tyres sold after September 1, 1975, and manufactured before May 1, 1976, of which there are an estimated 7.5m still in use. In addition, Firestone will replace tyres sold before September 1, 1975, with the customer paying one half of the retail price of the new tyre. Some 6m of this category are still in use.

With characteristic caution, Firestone set up a reserve of $235m to finance its debacle, although at worst its after-tax cost is expected to be about $135m. Although extremely serious, this does not take the legs from under the company's balance sheet. At the end of July Firestone had $215m in cash and total debt amounting to 38 per cent of its capital. There has been no apparent boycott by the company's lenders, who agreed earlier this month to add $125m of available bank credit lines, bringing the total which could be called on to $360m.

But the financial impact of the settlement amplified losses Firestone was already suffering as a result of the closure of a number of plants in the U.S. and abroad prompted by the declining market for conventional cross-ply tyres. Write-offs amounting to $74m brought the company to a nine-month loss at the end of July of $21.1m. But an even greater cause for concern was the 39 per cent fall in its operating income, an incalculable proportion of which was attributable to a "fear of Firestone" bug gripping many consumers.

As a result of the plant write-offs and the "500" recall programme, Firestone is expected to record a loss of around $150m in its fiscal year ending October 31.

With more than half of its sales derived from the replacement tyre market, the length and severity of the consumer reaction is probably the greatest preoccupation of Firestone management, its shareholders and now Borg-Warner. This uncertainty could well be the predominant motive in Akron for the merger for the simple reason that the Firestone dividend, as secure as Fort Knox for 50 years, is now threatened. Management could well have been facing a rough ride from its shareholders anyway, and there was more than a sneaking suspicion on Wall Street yesterday that self-preservation has increased the attractiveness of the link with Borg-Warner to the company's top executives.

The merger proposal allows for the management of Firestone as a separate subsidiary. The company's chairman, Mr. Richard Riley, will be chairman of the new holding company which will own the assets of both Firestone and Borg-Warner.

The terms of the agreement are complicated, but in essence they will involve the issue of around $900m of securities in the proposed holding company, the common stock of which will be owned exclusively by Borg-Warner shareholders. Firestone shareholders will receive a mix of preferred stock and debentures which value their company at around $15-16 per share compared with a box value of around $25.50 per share. The price looks, therefore, to be generously rewarding Borg-Warner for accepting the uncertainties of the next few years while protecting Firestone shareholders through a $1.0 annual dividend on the convertible preferred stock.

But what is the value, as one analyst observed yesterday morning, of owning a tyre operation spread over 135 countries if you cannot sell the product in the single most important market?

Mr. Bere of Borg-Warner, who will be the new holding company's president and chief executive, clearly believes this view to be too apocalyptic. He will almost certainly argue that once the recovery is achieved, then his shareholders will benefit from further insulation against the vagaries of the motor industry. Although the replacement tyre market is still adjusting to the growing popularity and durability of the radial tyre, and therefore volume sales for cars and trucks are expected to be lower this year than last, demand is not cyclical. If Firestone can win back the two or three percentage points thought to have been shaved off its 25 per cent replacement market share by the "500" crisis, then in the longer term Borg-Warner hopes that the present risk will have been justified.

In recent years, the company's strategy has been to concentrate on those markets in which it is a dominant force and where its share can be extended through higher productivity and price aggression. Although 34 per cent of its $2.031bn sales in 1977 were derived from supplying the motor industry, its diversification programme has taken it into the housing market, consumer products, construction and machinery. More than 125 manufacturing plants are operating in the U.S. and 19 other countries producing power transmissions, plastic resins and air conditioning equipment.

The $69m issue of new equity last year to give Robert Bosch a 9.5 per cent stake in Borg-Warner was intended to open the way to technical co-operation abroad which would eventually contribute to a strengthening of the company's foreign operations, the profitability of which has been hurt by a number of factors since 1974. Bosch has been steadily increasing its investment in the U.S. over the past five years and the prospective tripartite relationship with Firestone and Borg-Warner could be intriguing.

WAVE OF BIDS AND MERGERS

Companies	Approximate value ($m)
Standard Oil of California/ Amax*	1,900
Occidental Petroleum/Mead Paper	1,000
United Technologies/Carrier	1,000
Celanese/Olin†	720
Johns-Manville/Olinkraft	580
Philip Morris/Seven Up	514
Beatrice Foods/Tropicana Products	488
General Electric/Cox Broadcasting	467
R. J. Reynolds/ Del Monte	456
IC Industries/Pet Inc.	389
Gannett/Combined Communications	370
Pan American/National Airlines	350
BAT Industries/Appleton Papers	280
Consolidated Foods/Hanes	260
Thyssen/Budd	245
Eaton/Cutler Hammer	227
Dart Industries/P. R. Mallory	225
Grand Union/ Colonial Stores	114
Avon Products/Tiffany's	104
GEC/A. B. Dick	100

This sample list of proposals made in 1978 includes a number of bids which are being strongly resisted and/or may run into anti-trust obstacles.

* Announced in September, but not being actively pursued.
† Abandoned earlier this month.

PARTNERS IN THE MERGER

BORG-WARNER IN 1977	($m)
Sales	2,031.2
Net income	104.0
Employees	39,300
Breakdown of sales	
Air conditioning	439.2
Chemicals and plastics	421.8
Industrial products	434.3
Transportation equipment	735.9
Total	2,031.2

Borg-Warner has substantial investments in Europe, chiefly in the UK, where it has factories making automatic transmissions and plastics.

FIRESTONE IN 1977	($m)
Sales	4,426.9
Net income	110.2
Employees	115,000
Breakdown of sales	
Tyres and related products	3,517.6
Rubber, textiles and plastics	376.2
Industrial and metal products	533.1
Total	4,426.9

Firestone has tyre factories at Brentford and Wrexham in the UK, as well as in Sweden, Italy and France.

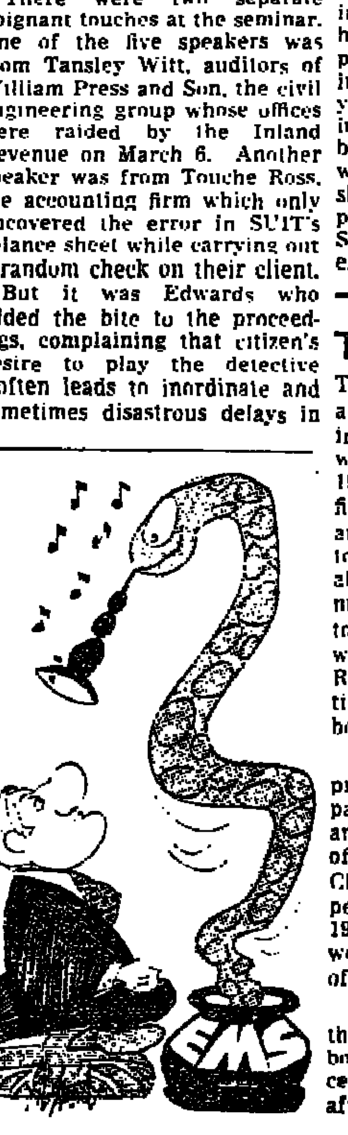
MEN AND MATTERS

Accountants on patrol

Six months after retiring as head of London's Fraud Squad, ex-Commander Thomas Edwards is preparing to go back on the beat. "I've spent some time resting in Wales but now I plan to take up some of the consultancy offers which I have received," he told me after talking at a McGraw Hill seminar on corporate fraud.

There were two separate poignant touches at the seminar. One of the five speakers was from Tansley Witt, auditors of William Press and Son, the civil engineering group whose offices were raided by the Inland Revenue on March 6. Another speaker was from Touche Ross, the accounting firm which only uncovered the error in SUIT's balance sheet while carrying out a random check on their client.

But it was Edwards who added the bite to the proceedings, complaining that citizen's desire to play the detective "often leads to inordinate and sometimes disastrous delays in reporting offences," that five-year lapses between discovery and final adjudication is not uncommon, and that the Fraud Squad is still without any form of career structure. Aged 50, Edwards had to retire because of a serious operation. His own career included several notable cases, not least the Rolls Razor affair, before Sir Robert Mark put him in charge of the Squad. One snarl was missing, the complaint he had made in March that accountants should adopt a more positive approach to seeking out fraud. Had he changed his stand? "At that time the profession was anxious to define its role," he told me. And yesterday he had no hesitation in spelling out what that could be—much greater co-operation with the Fraud Squad, with short-term secondments a possible solution to the Fraud Squad's frequent need for experts.



Train of thought

The craze for collecting stocks and bonds came to a new peak in the Stock Market yesterday when 5 per cent Honan Railway 1905 reached par at £100—"the first time this side of the war and probably longer," according to my man watching the more abstruse corners of the stock market. But it was hardly news to Stanley Gibbons, which last week realised £130 for a Honan Railway bond in mint condition in its first-ever auction of bond and share certificates.

Honan Railway is one of the prettier—and rarer—pieces of paper circulating in the City, and still a full 30 per cent ahead of such butterflies as Imperial Chinese Railway 1899, and 4½ per cent Chinese Government 1908. All were more or less worthless before the beginning of the year.

My bond-watcher points out that Japanese and German bonds were worth a mere 2 per cent of their face value just after the war, and have since been paid off in full. There have been murmurings that perhaps the Chinese will also do the decent thing. "Anything's possible," argues my bond-watcher. No-one seems to be quite sure just how much money is involved, but, discounting lampshades, bonds used as wallpaper, and bonds thrown away, the sum is thought to be not far off £25m.

In the light of China's desire to borrow rather larger amounts from the West to finance the modernisation of its industry, it is argued that looking "Jack the lad" by paying off minor old debts could be a shrewd move.

"We have no news about that," the Chinese charge d'affaires tells me.

Creeping back

CREEP lives. Not the Committee for the Re-election of the President but the Committee to Reject the Efforts of the Ex-President. While the Oxford Union prepares to host Richard Nixon tonight, students at Pembroke College, Oxford, are preparing their own campaign, I was told yesterday by the undergraduate magazine, Isis. Unlike most national newspapers and the more pro-Union weekly Charwell, Isis is not being allocated seats to attend Nixon's speech, or so the magazine complained last night. But it has got wind of CREEP and its resolution condemning the "excesses of the Nixon administration" and the "amorality" of Nixon's political conduct. "We do not reject Nixon's right to speak but we would like to remind people of what went on. We are concerned that Nixon is trying to use the fact of speaking at Oxford to bolster his prestige," Isis adds.

Oil opulence

When OPEC settles down next month in Abu Dhabi to mull over the price rises of the future all the delegates will be staying in the city's Hilton Hotel.

All, that is, except the star of any OPEC conference, Sheikh Ahmed Zaki Yamani.

Yamani will be the guest of the host oil minister, UAE's Mana Saeed Al Oteiba, who has spent "probably more than $1m on building a sumptuous annex to his private palace for his "dear friend Yamani" to stay in while the eight-day conference is in progress.

Each room in the villa has its individual stereo system, and is fitted with gold light switches. The three bathroom suites are equipped with sunken baths with 18-carat gold shower fittings and taps. The master bedroom for Yamani is fitted with an 8 ft circular bed. This has stereo and radio systems built into its head, and in yet another development from the days of the Arabian Nights Oteibo is installing a closed-circuit TV security system—and $250,000 of bullet-proof windows.

Ghost letter

I have to report that a ghost slipped into the machine last week when I wrote about the South African Freedom Foundation (SAFF) receiving South African funds. In passing I appear to have appointed Peter Sorour director general of SAFF, instead of leaving him where he actually is, namely at SAF (South Africa Foundation).

M and M award

The headline-of-the-year prize—pace whatever gems turn up before 1979—must go to the Committee for Industrial Technologies newsletter: "DES gets CFIT's views on E and T."

Observer

ECONOMIC VIEWPOINT

EMS: missed chances and false trails

ITALY'S ACCEPTANCE of a 6 per cent margin around its central exchange rate for its initial period of EMS membership removes all economic obstacles to Britain joining.

A band of 12 per cent between the weakest and strongest currency, which this agreement permits, is quite large enough to satisfy an adherent of floating rates, provided that the authorities are prepared to change the central parity before the market rate reaches anywhere near the outer limits.

A moving band formula is available not just to Italy, but to any country outside the existing snake which wishes for it. This makes it possible to accept the political argument for membership and continues from within the discussions about how the system should develop.

The British Government is once again being badly advised—this time in its dismissal of wider margins.

Absurd and offensive prestige considerations of not wanting to be in a so-called second league are also at work. One is moved to ask: What is more disreputable? To adopt wider margins along with Italy: or to remain in a third league on our own? The same riposte goes for those who believe that wider margins would be interpreted as a lack of confidence in the present market rate for sterling.

* * *

The rest of this article is concerned with a subject important in its own right, but which is a complete false trail as far as the EMS is concerned.

The bad deal that the British are receiving on the budgetary side of the EEC has been very well advertised. British contributions, net of receipts, will be running from next year at nearly £800m per annum. Discussion so far from denting the original British Treasury figures, has emphasised that they leave out of account the loss to British citizens from having to buy food imports at CAP rather than world prices.

It is also well known that the main reason for the UK's rough treatment is that a good deal over 70 per cent of the EEC Budget goes to agriculture. It is hardly surprising that the largest beneficiaries are Denmark and Ireland, almost the richest and the poorest countries of the EEC respectively.

These arbitrary redistributions show that the EEC is not yet a true political and economic community. If it had the automatic fiscal means for redistributing incomes between regions, already possessed by existing federations, such perverse transfers would be inconceivable.

An extremely valuable study of how such transfers work and the implications for the development of the EEC was published last year by a committee set up by the European Commission under Sir Donald MacDougall.* Its report started off by looking at regional income differentials within the Community. It estimated that the ratio of per capita GDP (gross domestic product) *between* the richest country, said to be Belgium, and the poorest, Ireland, was 2.2 in 1975—measured at purchasing power parity exchange rates. This compared with ratios of about 1.6 to 1.8 within countries such as Germany, France, and Britain.

The important point, however, is that about 40 per cent of the gross disparities between regions within individual nation states is eliminated by the mechanisms of public finance—slightly more in unitary states such as the United Kingdom or France, and slightly less in federal ones, such as Germany or the U.S. According to the MacDougall Committee fiscal transfers eliminate an even greater proportion—between a half and two thirds—of temporary changes in regional income caused by short-term or cyclical fluctuations.

Very little of this redistribution is due to policies specifically labelled "regional." Most is due to the automatic effects of a progressive personal tax system and a bias in public expenditure programmes and social security transfers towards the poorer regions. In federal countries revenue-sharing and grants to subordinate governments also play a part. A very important point that emerges is that net transfers between regions are quite small as proportions of GDP—around about 4 per cent in Italy and Britain—but sufficient to achieve this notable narrowing of regional income differentials.

It is this last fact which led the MacDougall Committee to report that it would be possible to achieve within the European Community something like the present rate of inter-regional redistribution within countries by a careful stepping up of the Community budget from its 1977 level of 0.7 per cent of Community GDP to a level no more than 2½ per cent. Moreover, most of this could, in theory, be achieved without an increase of total public expenditure, but by a shift of finance of existing expenditures to a Community level. The Committee calls this level of integration pre-federal. "Non-federal" might be a less provocative label.

REGIONAL BALANCES

(as percentage of gross regional product)

Relatively poor regions or states	Public finance outflow (−) or inflow (+)*	Balance of payments current account surplus (+) or deficit (−)†
Germany (average 1968-70):		
Niedersachsen	+ 3.4	− 6.5
Schleswig-Holstein	+ 6.0	− 9.8
Saarland	+ 9.0	−13.6
France (1972):		
Bretagne	+ 11.0	−15.0
UK (1964):		
Wales	+ 7.8	−12.1
Scotland	+ 6.1	− 7.8
N. Ireland	+ 16.1	−21.7
Italy (average 1971-73):		
Abruzzi	+ 14.8	−14.8
Brasilicata	+25.0	−42.3
Relatively rich regions or states		
Germany (average 1968-70):		
Baden-Württemberg	− 5.9	− 7.9
Nordrhein-Westfalen	− 4.5	+ 5.2
Hessen	− 2.9	+ 2.2
UK (1964):		
South East	− 4.8	+ 2.4
West Midlands	− 2.9	− 3.2
Italy (average 1971-73):		
Piemonte	− 7.4	+10.9
Lombardia	−11.1	−15.3
Liguria	− 4.4	− 12.6

* Difference between federal or central expenditures and revenues allocated to the region.

† Difference between regional product and domestic expenditures.

Source: MacDougall report.

The proposed expanded budget would have to be designed with a deliberately high-powered redistributional effect. Community finance would, for instance, be provided for urban redevelopment and for existing national regional employment and investment subsidies, as well as for vocational training and other labour-market measures.

Another important element, not easily translated into budgetary terms, would be loan financing or loan guarantees by the European Community for national projects with or without an interest-rate subsidy. The financing of Community expenditures could also be made progressive between States.

There is clearly a family resemblance between many of the MacDougall ideas and some of the offers being made to Italy and Ireland to entice these countries into the EMS; and the Report is also echoed in some of the ideas for the future finance of the budget put forward by Mr. Christopher Tugendhat, the EEC Commissioner for the Budget. But it is also clear that present proposals are on nothing like that scale, or high powered enough in their redistributive effects to establish the automatic equalisation envisaged by the Committee.

Within each state the willingness of citizens to make inter-regional transfers depends on a sense of national solidarity. Is there anything comparable at the Community level? There is a good deal of Community solidarity in Germany and her smaller neighbours, some in Italy, less in France and least *of all in Britain. Overall, voters* and politicians in the richer areas would have to be persuaded that there were tangible benefits from closer economic union—whether materially or in, say, a more effective defence capability—to make the transfers worthwhile.

Such resource transfers would be necessary as part of a full economic union which would have to have a large political content. But are they really the key to a monetary union or even to less ambitious schemes for "fixed exchange rates" in Europe? It is here that different issues are often confused.

How far do the differing balance-of-payments and currency experiences of the countries of the European Community reflect differences in real factors such as crop failures, regional poverty, or structural shifts of industry, and how far do they simply reflect monetary divergences? It is on this that the importance or otherwise of budgetary matters for monetary union depends.

While it might be plausible to attribute the modest payments imbalances and exchange-rate changes of the 1950s and early to middle 1960s in part to real disturbances, the much greater imbalances of recent years are mainly monetary in origin. Of course, the 1973-74 oil-price explosion was a gigantic real disturbance: but it was common to all countries in the European Community, not a particular blow to one or two, which could have been cushioned by a "high powered Community budget."

Desirable though income transfers may be, either for their own sake or as an inducement to the removal of the non-*tariff barriers still separating* members, it is highly doubtful whether they are technically necessary to establish a monetary union in the sense of fixed or even rigid exchange rates. The MacDougall Report may have given a misleading emphasis to the fact that public finance outflows or inflows roughly offset "balance-of-payments" current-account surpluses or deficits within each country.

As a matter of accountancy, the overall balance of payments has to balance; and it is highly likely that without the public finance inflows into Basilicata or Brittany these regions would not have these very large current-account deficits. One is the mirror image of the other. Balance of payments problems between countries with separate currencies largely reflect differential monetary movements which national authorities are unwilling to see completely reflected in exchange rate movements. They have little to do with riches or poverty. The wealthy U.S. had payments problems since the late 1950s while Salazar's Portugal had a strong balance of payments position.

A simple illustration will show how wrong it can be to see balance of payments or currency problems in terms of *real transfers between regions.* Wales receives a net inflow through UK public finances of about 8 per cent of the Welsh gross regional product. If an independent Welsh pound were established, but the Principality remained within a loosely bound UK, it might be reasonable to continue these transfers. But let us suppose the Welsh then inflate their currency, but are not prepared to devalue the Welsh pound sufficiently, and their deficit with the UK doubled: would it then be reasonable to double the fiscal transfer to 16 per cent?

The wider European ideal of economic union comprises both a fiscal and a monetary side. But it is untrue to suppose that a monetary union, still less an exchange rate link, requires fiscal transfers. To put the matter the other way round: fiscal transfers cannot be expected to underpin a monetary scheme which is unworkable or objectionable on its own terms. Mr. Healey's original desire to keep the two questions distinct was a sound one. It is a pity that British attitudes have moved towards a confusion of largely separate issues, and it is doubtful whether such confusion will advance British interests in the political horse-trading likely in the weeks and months ahead.

Samuel Brittan

**Report of the Study Group on the Role of Public Finance in European Integration, Commission of the European Communities, Brussels, 1977.*

Letters to the Editor

Industrial oblivion

From Mr. G. Inns

Sir,—In his column of November 17 Lombard very nearly put his finger on the weak link in British industry between research scientists and commercial exploitation of the results of scientific research. He quite correctly identifies the "engineers" (just as diverse a group as the "scientists") as essential to the process of putting scientific discoveries to practical use. He notes in his final paragraph that successful West German companies have engineers in top positions but he failed to look at the top men in British companies. Perhaps he was running out of column inches!

In West Germany the law requires that some of the top positions in German industrial companies should be held by qualified engineers. Compare the situation with many UK industrial companies. You will find on the board a lord—or a knight at least, a few public schoolboys, chaps with arts degrees from top Universities, various relations and other family hangers-on and the rest will be mainly accountants. As Lombard points out, the engineer is an inferior being, a coarse fellow with dirty hands and not fit to mix with the board of directors.

Of course, decisions on company policy, where to allocate funds and the industrial strategy are the prerogative of the board. Considering the general composition of such British boards it is not surprising that they often fail to appreciate the significance of many scientific discoveries and the necessary engineering development. The more technically oriented company leadership in West Germany and North America is quick to grasp the significance of scientific discoveries made in this country and get cracking on development while our highly paid *top bookkeepers are still* wondering what it does or how it *works*.

We do have some very successful companies I'm glad to say, and it is instructive to examine the composition of their boards of directors.

What I would like to see is a genuine team with a proper spread of skills and relevant experience in our company boards. I fear, alas, the only way the situation can be changed is by legislation, perhaps on the *West German model. Now our* Government have in mind to appoint quasi politicians to our boards *of* directors—a further step towards industrial oblivion.

G. S. Inns,
Forge Cottage, The Street, Willesborough, Ashford, Kent.

VAT and works of art

From Lord McCluskey.

Sir,—In your issue of November 24, under the heading "Indifferent to culture," Mr. Hugh Leggatt pronounces me guilty by association with an allegedly Philistine Treasury, and all because I said, in a House of Lords debate, that it is possible to exaggerate the effect of VAT as a tax incentive to export works of art.

But Mr. Leggatt does me an injustice. I said in very specific terms that the Government would be against any tax scheme which would *encourage* "this regrettable tendency" to export works of art from the U.K. I merely drew attention to other relevant circumstances so that the alleged tax incentive to export could be seen in context.

What I said was: "Value added tax is a tax on domestic consumption, and it is a normal feature of this type of tax that it does not fall on goods sent out of the country. It is, therefore, logical to relieve such a supply *from* tax and to allow recovery of tax paid at the time of purchase or importation. This relief provides no incentive to a dealer to sell a work of art to an overseas buyer, since the dealer's receipts from such a sale are the same as if he had sold to a UK customer. Of course, he has to charge tax to the UK purchaser, and therefore at first sight the purchaser in the UK seems to have to pay more, but it is usual to find that the purchaser abroad has to pay value added tax on importation of the goods, and in any event he usually has to pay higher transport and higher insurance costs. So, while not suggesting that the point has no validity, I think that there is a danger that it may be exaggerated."

I still believe that that is fair and accurate; it certainly does not display a "profound indifference to cultural affairs" as Mr. Leggatt suggests.

Lord McCluskey.
House of Lords, SW1.

Added value payments

From Mr. E. Fox.

Sir,—I would like to nominate N. L. Cragoe's letter (November 22) on added value payments for "the most arrogant letter of the week award."

He condescends to admit that the operator (chap) or typist is the best person to sort out a problem, but when it comes to knowing about or helping to determine the background — i.e. industrial democracy etc. — this is "claptrap."

Why is it that the people who actually produce the wealth which pays all our wages/salaries/dividends, are the ones whom everyone else wants to control and screw down?

Does Mr. Cragoe suggest that shareholders, disc jockeys, lecturers in management and business studies etc., etc. be paid according to some "added value" calculated by a group on which they were not represented?

With forelock firmly in hand, I remain.

Eric Fox,
7 Upwood Road, Hillsborough, Sheffield.

The rate for PR

From Mr. P. Brown.

Sir,—We would not disagree with Mr. Ley's statements (November 28) that the going rate for experienced public relations executives is in the range £6,000-£7,500, depending to some extent on geographic locations.

The full title of the group quoted by Michael Dixon in his recent review of Reward findings was public relations and information officers and managers. It therefore includes a fair number of candidates who are not experienced in PR or who are not managers in that profession. The information area in both public and private organisations is normally less well paid than professional PR and there are a fair number of slightly older officers in information units, whose salaries are below those shown as the Reward average.

In addition, Michael Dixon did mention that Reward figures need to be adjusted by percentage overlays for different types of employer. This adjustment would bring the median salary for a PR and information Executive officer working for a large employer, to around £5,000.

As Reward is used to plot remuneration trends for staff in different disciplines and occupations, a more interesting comparison would be whether Mr. Ley's survey of National Union of Journalists members in PR shows approximately the same percentage increase in the 12 months to September as our own figure of 10.6 per cent.

Peter M. Brown,
Synergy Publishing.
1 Mill Street, Stone, Staffordshire.

Monetary system

From the Chairman, London Europe Society

Sir,—There is something very unconvincing about the arguments of the Government's Green Paper on the European monetary system (EMS). The Government admits that the downward float of the pound has been inflationary and that it has not produced the hoped-for export-*led recovery of production. Yet it* appears to be preparing to turn down, for technical reasons, the best system the Nine can produce for currency stabilisation.

Since 1974, when the pound started its latest period of major decline, its fall in value against other currencies has been about 19 per cent. Over the same *period, although exports (volume* index) increased by 31 per cent, industrial production actually fell—by about 1 per cent. Our production has risen less than that of any European Community country except Luxembourg, whose performance is distorted by the predominance of the crisis-hit steel industry in its industrial economy. Britain and Luxembourg are the only countries of the Nine whose industrial production is still lower than it was before the 1973 oil crisis.

The comparison with Germany, whose currency *appreciated* over the same period by some 24 per cent (that is by over 40 per cent against the pound) is striking. Exports rose by 23 per cent, despite the upward push given to German export prices by the rising D-mark. Unemployment, ranging around the 4 per cent mark, has been much lower than in Britain. And, in absolute terms, West Germany has been investing more than twice as *much as the UK in its industrial* future.

The appreciation of the D-mark pushed the Germans into investing in rationalisation of production in order to keep their goods competitive. Thus the effect of devaluation has been the opposite of what was expected: we have become even less productive in *international relative terms, and* the Germans have become even more productive.

Yet now, when we have the chance of holding the pound steady, backed by a very substantial stabilisation fund of 25bn European units of account (£17bn), we are apparently about to decide that we want to stay out of the effective part of EMS—exchange-rate stabilisation—and retain the right to start the pound on its downward path again.

Why should we want to turn down the best available disciplinary framework for containing our short-term profligacy, cutting the long-term inflation rate, and producing a sustainable expansion in the economy? Because we believe (rightly) that convergence of the Nine's economic policies is necessary? The last four years have been ample evidence that that will never occur without the restoration of exchange-rate discipline. One is left with the nagging suspicion that the rejection is to please the extreme left and the Labour Party's congenital anti-Europeans, with a view to the coming General Election.

The downward float has failed in its long-term objectives. If we now turn down the chance of durable recovery through currency stability, people in other countries may enter another period of doubt about our national economy, our national *currency — and our national* judgment.

Derek Prag.
27, Longton Avenue, SE2.

Exchange control restrictions

From Mr R. Cohn

Sir,—Your front page article of November 22, headed "Sterling support package to lapse" pointed out that the financial support package arranged by Britain during the sterling crisis of late 1976 has had the last rites pronounced on it by the Treasury. No mention or move *seems to have been made by the* Treasury in respect of the controversial directive under EC68 Exchange Control Act 1947 which restricts the activities of UK based merchants buying and selling goods outside the UK.

The ruling is applicable to those who are not given special exchange control status such as cocoa and metal traders who have been given very wide exemptions under special Bank of England schemes. Other companies trading in various products in the face of enormous international competition are being penalised because the Treasurer sought to stabilise the pound in 1976 and to bring back to the foreign exchange reserves some £1bn which were being *used to finance trade outside the* UK.

The benefits of this move have now been reflected in the UK balance of payments reserve; the rules however still stand virtually completely unaltered and no move is being undertaken to change or relax the rules in any way. Some of the problems UK merchants are facing are as follows:

Companies incorporated and having their working capital in the UK in sterling find themselves in a position of having surplus sterling funds and currency overdrafts forced upon them. Under the rules UK resident companies are forced to borrow currencies to finance merchanting operations even though sterling balances may be available. With large fluctuations of interest rates the main beneficiaries are the banks who are obtaining a turn on the interest and very often the merchant finds himself in a position of lending sterling at disadvantageous rates relative to the currency borrowings.

Where a merchant is requested to quote to a country or organisation in sterling he finds himself in a position, in many cases, of having to bear an exchange risk. In particular, sales to countries who have large sterling borrowings for example Ghana, are affected and where sales of products which are not manufactured in the UK, clearly the merchant is at an extreme disadvantage. Where a British merchant offers to an organisation which insists on quotations being made in the currency of the country quoting, again the *merchant finds himself at a disadvantage*, a particular example would be certain United Nations tenders which require quotes in sterling from British merchants who are very often quoting for goods not manufactured in the U.K.

Traditional purchases from third countries which have traditional links with the UK — for example India, lead to severe problems as the merchant's flexibility in selling policy is restricted.

The administrative problems to small companies is staggering. The rules have led to a merchant opening two accounts for each currency account that he originally held, *one for import/* export transactions, the other for merchanting transactions. The work involved in running duplicate bank accounts for small companies and the onus of responsibility on these companies to conform with the regulations is heavy and expensive.

Concessions have been made to EC68 which have resulted in the ability to retain profits for up to 12 months as financing for further merchanting activities. While this can be an advantage *to the trader, the situation now* is that a British exporter of non capital goods can only retain the currency for a period of six months. In certain circumstances therefore it may be advantageous for the merchant to buy from an overseas supplier rather than from a British manufacturer.

There are other specific problems encountered by many companies in various trades but the smaller companies have the greatest problems as the relative increase in work and staff required to maintain this ruling is greater and more telling on profitability. A change in policy regarding this directive is now overdue and all traders should press for its total removal.

R. P. H. Cohn,
Hardy House,
116-120 Goswell Road, EC1

Looking after the customer

From the Secretary, British Insurance Brokers' Association.

Sir,—We are indebted to Eric Short for drawing attention to our appointment of a consumer relations officer (Money Monitor, November 25) but we feel we should resolve the doubts Mr. Short expresses about the role Mr. Hall will play.

Over the past months British insurance brokers have voluntarily become subject to statutory control, have published a stringent code of conduct and have laid down disciplinary procedures to be invoked if needed.

As a result of this action by the responsible members of the industry members of the public are increasingly using British Insurance Brokers' Association membership as a criterion for choosing an insurance broker and are turning to the association for advice and information. Mr. Hall's appointment is one of a series of steps taken by BIBA to ensure that consumers are fully assisted when dealing with members. His main task is not, therefore, "to *lean on slow paying insurance* companies." He will provide help and information should problems or questions arise involving consumers and his work will extend to assisting Citizens' Advice Bureaux and various consumer bodies to resolve difficulties which may arise between consumers and insurance brokers. He will co-ordinate the extensive help to consumers given throughout the country.

As Mr. Short has said, Mr. Hall will not arbitrate in disputes over the amount of a claim, nor will he give a second opinion on whether a customer has entered into the right contract, for these are matters which can only be resolved between the parties to the contract.

A. A. Teale,
Fountain House,
130 Fenchurch Street.

Today's Events

GENERAL

President Carter holds news conference, Washington.

Chancellor Schmidt discusses European Monetary System with German Central Bank Council.

President Assad of Syria on *official visit to Hungary* (second of four days).

Post Office statement on success of Royal Mail parcels service.

Government launch scheme to provide savings and mortgage-linked loans for first-time house buyers.

Times newspapers last day of publication before management suspends printing.

Christies wine sale, including Bordeaux rarities.

Mr. Richard Nixon, former U.S. President, speaks at Oxford Union.

OFFICIAL STATISTICS

Energy Trend figures from Dept. of Energy.

PARLIAMENTARY BUSINESS

House of Commons: Merchant Shipping Bill, second reading. Motion on House of Commons Members' Fund. Qualifications of Directors of Social Work (Scotland) Regulations.

House of Lords: Forestry Bill, committee stage. Order on referendum on Welsh devolution. Public Health Laboratory Service Bill, second reading. Short debate on increase in atmospheric carbon dioxide and apparent changes in global weather patterns.

Select committee—Race Relations and Immigration. Subject: Effects of UK membership of EEC on race relations and immigration. Witnesses: Mr. David Lane and Commission for Racial Equality officials. 4 pm. Room 6.

COMPANY RESULTS

Final dividends: National and *Commercial Banking Group.*

Interim dividends: Racal Electronics, Scottish and Univeral Investments, 600 Group. **Interim figures only:** British Petroleum (3rd quarter). Morgan Crucible (3rd quarter).

COMPANY MEETINGS

Courtenay Pope, Tottenham, 11. Ductile Steels, Willenhall, 3. Ests. Prop. Inv., 15 Abchurch Lane, EC, 12.15. Gt. Universal Stores, 20 Aldermanbury, EC, 12. Hunt and Moscrop (Middleton), Manchester, 12. Raine Engineering Industries, *Sheffield*, 12.

COMPANY NEWS

Building materials sales push BPB to £17.7m

INCREASED DEMAND for its building materials in the UK and the Republic of Ireland helped lift taxable profits at BPB Industries for the half year to the end of September 1978, from £14.92m to £17.73m. However continuing severe competition from low price imports reduced sales of wood chipboard and trading losses were contained at about the same level as the first half of 1977/78.

	Half-year £000 1978	£000 1977
Sales	146.556	138.755
Building materials:		
UK†	72.394	67.315
Canada†	17.023	16.528
France	27.596	31.254
Republic of Ireland†	6.349	5.145
Paper and packaging:		
UK	34.159	32.071
Netherlands	5.993	4.975
Intra-group	17.157	14.556
Profit before tax*	17,731	14,921
Building materials:		
UK†	9.570	7.717
Canada†	1.105	768
France	219	1.707
Republic of Ireland†	949	562
Paper and packaging:		
UK	4.176	3.692
Netherlands	(271)	(1.182)
Share of associates	1.706	1.664
UK tax	3.789	3.144
Overseas	1.406	1.720
Net profit	12.536	10.057
To minorities	2	17
Attributable	12.534	10.040
Ordinary dividends	1.873	1.672

* Stated after charging: depreciation £5.83m (£4.56m) interest £1.6m (£1.57m), cost of funding increases in existing pensions £467,009 (£490,000). † Results of the UK Irish and Canadian subsidiaries are for 27 (26 weeks).

Overall the progress made in the six months is expected to be maintained in the second half, Mr. F. G. Flood, the chairman, states. Last year's surplus reached a record £27.25m.

Half-time external group sales were ahead from £138.74m to £146.36m with advances in all countries except in France. Here reduced demand, particularly in the first quarter and severe price control, pushed turnover on building materials lower from £31.25m to £27.0m leaving profit sharply down from £1.7m to £219,000.

In the Netherlands paper and packaging losses were cut back to £274,000 (£1.18m) on sales £1m better at £5.99m.

Tax for the half year took £5.4m (£4.86m) leaving basic earnings per 50p share 5.5p higher at 28.4p. The net interim dividend is stepped up to 4.2p (3.8p)—last year's final was 3.824p.

In Canada, demand for group products was higher and, in spite of the fall in value of the Canadian dollar, profits improved to £1.11m (£768,000).

The UK paper and packaging division has experienced some increase in demand, while in the Netherlands the better performance of the new plasterboard liner machine and higher sales have resulted in substantially reduced losses.

INDEX TO COMPANY HIGHLIGHTS

Improved trend takes Johnson Matthey to £9.2m halftime

AFTER THE first quarter downturn Johnson Matthey, the gold, silver and platinum refiner, has turned in an improved pre-tax performance for the second three months. Profits for that period show a rise from £4.47m to £4.66m, leaving the total for the six months ended September 30, 1978 at £9.18m compared with £10.02m.

Invoiced sales in the half year (excluding Johnson Matthey Bankers) showed an increase from £190.45m to £232.04m. After allowing for tax and minorities and taking into account an exchange loss of £696,000 against £460,000, the balance attributable emerges at £3.69m compared with £4.33m.

The interim dividend is increased from 6.1106p to 6.6154p including 0.1154p (0.1106p) in respect of the reduction of ACT. A scrip issue of 3 for 2 is proposed. The total dividend for 1977-78 was 13.7289p paid from profits of £18.87m.

Precious metal stocks are valued at base price plus attrib. tax. If market prices had been used the amount on the balance sheet would have been higher by £33.2m (£22.75m).

	First half 1978-79 £000	1977-78 £000
PROFIT AND LOSS ACCOUNT—		
Profit before tax†	9,179	10,022
Tax	4,734	5,166
Net profit	4,445	4,856
Minorities	54	67
Exchange loss	696	460
Attributable	3,695	4,329
Dividends	1,128	1,042
CAPITAL EMPLOYED—		
Equity holders	81,621	82,719
Preference holders	300	300
Minority holders	566	495
Loans	38,923	30,621
Deferred tax	40,215	31,666
Total	161,625	145,500
NET ASSETS—		
Fixed assets	37,567	29,037
Investments	10,719	14,347
Base stocks	31,120	23,705
Net current assets	82,226	78,511
Total	161,625	145,500

† After interest £1.72m (£1.37m) and depreciation £2.02m (£1.54m).

● comment

Johnson Matthey's profits downturn of 19 per cent in the first quarter has been followed by a 4 per cent rise in the second three months. Generally, this reflects a small improvement in world trading conditions, but it is still too early to assume this is a maintainable trend. The recovery in the second quarter is due mainly to some buoyancy in the chemical and refining activities as well as banking, which has benefited from increase bullion trading on which the company earns a commission. Elsewhere, the mechanical production division and colours and transfers maintained their profits contribution after slipping in the first quarter. At 464p the shares yield a prospective 5 per cent on a maximum payout.

EXTEL

The total dividend paid by the Exchange Telegraph Company (Holdings) for the year ended March 31, 1978 was 3.46975p which included a special 0.05475p relating to the ACT reduction. The reference to a total of 4.475p on November 24 was incorrect.

Muirhead profit reaches £2.1m

FROM HIGHER sales of £21.17m against £17.59m, profits before tax of Muirhead rose sharply from £1.59m to a record £2.14m in the year ended September 30, 1978.

First-half profits had increased £200,000 to £852,000 which the directors said was satisfactory, having regard to past trends which indicated that second-half profits usually exceeded those of the first six months.

Earnings per share are shown at 22.2p against an adjusted 15.5p and a final dividend of 3.0757p lifts the total from 3.705p to 5.0757p. A 5p total for the year was anticipated at the time of the rights issue last December—Treasury consent has been obtained for the increase.

● comment

After stripping out the six-month contribution from Hone, the new acquisition, Muirhead's full-year profits show a rise of around a quarter, which is much in line with the company's forecast last December of substantially larger growth. While some of the improvement is attributable to cost savings, growth is being led by the group's data communications activities, which contributes about half of the group's sales. Here, the newspaper and graphics industries have provided strong demand for such products as the Pagefax and Wirephoto equipment systems. Muirhead is confident that the sale of document facsimile equipment will provide for substantial growth over the next five years or so, and says it is having increasing success with its new range. With continuing steady demand on the military components side, the immediate future looks secure enough. It should be possible for Muirhead to at least repeat its 1977-78 growth rate in the current year. At 198p the shares stand on a p e of 8.8 while the yield is just under 4 per cent.

Freddie Mansfield

Mr. Ernest T. Harrison, chairman and managing director of the Racal Electronics Group seen with the company's new Airstream anti-dust helmet. Racal is one of the leaders in radio and data communications and is rapidly establishing an international reputation in the fast growing industrial safety field. The Airstream helmet which provides head and lung protection in one unit has passed stringent health and safety regulations throughout Europe, Scandinavia and the U.S. It is being sold in over 20 countries and new production facilities are being opened in Wembley and in the U.S. The helmet is used in industries ranging from steel to farming and versions for welding and coal mining are currently under development.

B. Elliott surges to over £3.7m at six months

ON HIGHER external turnover of £43.57m compared with £29.75m, pre-tax profits of B. Elliott and Co., surged from £2.02m to £3.74m in the six months to September 30, 1978.

Earnings per 25p share are given at 17.34p (10.31p) and the net interim dividend is lifted from 2.5p to 2.75p. Last year's total payment was 5.3258p from profits of £5.6m.

First half profit was struck after depreciation of £569,000 (£446,000) and interest of £197,000 (£174,000). Tax for the period took £1.12m (£0.61m) and there were minorities of £102,000 (£57,000).

The directors say that during the period under review, total orders booked by the group matched the increased turnover but there has been a small decline in the outstanding order books of some of the UK companies, and they do not expect the major increase in home demand in the winter months that has been experienced in the previous year.

However, the outlook for the second half, for the group as a whole, is quite encouraging.

The directors expect the improvement in performance by the overseas companies to be maintained and at home the main production resources other than the foundry are well loaded.

The machine tool factories have obtained substantial overseas contracts and order prospects, in the U.S in particular, are bright.

● comment

B. Elliott's 86 per cent profits growth surprised the market not least because it comes in the traditionally quieter first half. Alfred Herbert may have given the machine tools sector an ex-growth tag but specialists like Elliott have often been doing well. The basis of this result was laid in the previous six months when orders poured in to the machine tool manufacturing and merchanting divisions. Newall, last year's enterprising acquisition, seems a good buy and thanks to the tightening of safety standards in the automotive industry, prospects look particularly bright in the U.S. At the moment engineering profits are less impressive while the £2m foundry investment increased capacity just when UK demand was dropping away. Nevertheless, the company is confident that longer term returns will justify the spending. Meanwhile GIC, the troubled and previously much more important South African subsidiary, has recovered some ground and the improving trend should boost the full year overseas contribution. Overall, profits should now reach £8m-£8.5m which puts the shares at 167p on a fully taxed prospective p/e of around 6 and a yield of 5.3 per cent.

Wallis Fashion well ahead

EXCLUDING VAT, turnover of the Wallis Fashion Group increased from £6.44m to £9.88m in the 28 weeks ended August 12, 1978, and pre-tax profits surged from £53,100 to £355,800.

Since the half year the trading situation has been less favourable due to unseasonable weather, the directors say. Nevertheless, they still expect the current year's profit to show a significant increase over the £1 03m previously.

The interim dividend is effectively raised from 0.25p to 1p and takes into account the intention to pay a higher proportion of the total dividend as an interim. Last year's final was equal to 0.75p.

Dividends amounting to £27,292 (£7,000) have been waived.

HERON MOTOR

The directors of Heron Motor Group have decided to exercise the right of compulsory conversion of the remaining £350,395 10 per cent convertible unsecured loan stock 1985-90.

Avon Rubber hit by severe tyre competition & industrial unrest

SEVERE COMPETITION arising from over-manufacturing and cheap imports of tyres plus industrial unrest in the domestic automotive industry cut pre-tax profit of Avon Rubber Company, the tyres and industrial products group, from a record £5,416,853 to £4,413,895 for the year to September 30, 1978. Turnover was higher at £119.87m against £108.02m.

At halfway, when profit was marginally down from £2,497,000 to £2,376,000, the directors said that while market conditions for tyres showed no evidence of improvement the outlook for other group activities was encouraging and it then seemed likely that the year-end results would equal those of the previous year.

From a strong opening position, deterioration affecting trading performance in some major markets became evident in the second quarter, they now state. The tyre business in particular suffered from the severity of competition caused by excessive manufacturing capacity and cheap imports.

In the latter part of the year unrest in the domestic automotive industry caused frequent disruptions to schedules and periods of inefficient working at the Bradford-on-Avon and Melksham factories.

Business with automotive manufacturers outside the UK, however, has continued to grow and the consistency of their requirements together with expansion in some other parts of the group has reduced the shortfall, the directors state.

Earnings per £1 share are shown down for the year from 68.4p to 48.5p, while a maximum permitted final dividend of 6.3571p (5.275p) lifts the total net payment from 9.275p to 10.3571p.

After tax of £760,334 (£740,814), including ACT amounting to £358,513 (£293,225), and minorities, net profits fell from £4,565,833 to £3,552,446 before an extraordinary charge of £309,171 this time.

During the year remould tyre production was discontinued at Bridgend and some industrial polymers manufacturing processes were relocated in new factories at Melksham and Trowbridge at a total cost of £391,713.

● comment

Avon's 18.5 per cent pre-tax profit slide was not totally unexpected. Overcapacity in the industry brought about by longer life radial tyres, and the import of cheap tyres particularly from Eastern Europe, has been putting pressure on industry margins for some time. Avon has, to some extent, been insulated from the general malaise because its products are mainly up-market (on Rolls, Bentleys and Aston Martins). In the tyre replacement market 50 per cent of its sales are steel belted radials. Nevertheless its margins were still hit, falling from 4.2 per cent to 2.2 per cent. During the year Avon pulled out of the retread business, and closed its Bridgend factory. As a result there was a £56,000 loss from the operations compared with a £546,000 profit a year ago.

The industrial rubber products recorded a profit jump from £1.6m to £2.1m but, as about 40 per cent of its business is with the motor trade, industrial disputes restricted growth. Although tyre prospects are not particularly bright the picture elsewhere is more encouraging and the acquisition of the outstanding shares in Avon Lippiatt Hobbs, will boost the 1978-79 figures. The shares fell 4p to 180p yesterday giving a p/e of 3.4 and a yield of 8.9 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Avon Rubber		6.36	Jan. 22	5.28	10.36	9.28
Jacksons Bourne End	Int.	Nil	—	Nil	—	2
BPB Inds.		4.2	—	3.8	—	7.62
Brickhouse Dudley	Int.	0.87	—	0.78	—	2.38†
Bromsgrove Casting	int.	0.9	Feb. 22	0.8	—	2.2
D. Mail & Gen. Tst.	int.	4.9	Feb. 20	4.39	—	12.91‡
J. Dykes	int.	0.55	Dec. 29	Nil	—	Nil
B. Elliott	int.	2.75	Feb. 2	2.5	—	5.33
M & G 2nd Dual Tst.	int.	3.2¶	—	2.75	—	5.65
Johnson Matthey	int.	6.62‖	—	6.11	—	13.73
Muirhead		3.08	Feb. 6	2.01	5.08	3.71
Ocean Wilsons	int.	1	Dec. 29	1	—	2.88
Routledge and Kegan	int.	1.4	March 15	1.25	—	4.05
Wallis Fashion	int.	1	Jan. 12	0.25*	—	1*
Westbrick Prods.	int.	1.25	Jan. 31	0.5	—	1.5
Wheway Watson	int.	0.45	Jan. 5	0.35	—	[illegible]

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.023585p declared with this year's interim. § Includes additional 0.127p declared with this year's interim. ¶ Total of at least 5.75p forecast. ‖ Includes 0.1154p (0.1106p) in respect of ACT reduction.

Mercury Securities up in first six months

The directors of Mercury Securities reports that the group's profits for the first six months of the current year are higher than those for the same period last year.

In the year to March 31, 1978, the group, which includes the merchant bank, S. G. Warburg and Co., reported pre-tax profits of £1.96m against £2.72m in 1976-1977.

Other interests of the group include metal trading and refining, insurance and shipping and employee benefit consultancy.

● comment

The interim report from Mercury Securities, one of the City's leading merchant banking and financial services groups, stretches to just a single sentence. At least profits are higher after six months, in contrast to the falls reported by several other major accepting houses. But it could well be that a major factor is the recovery by the metal dealing subsidiary Brandeis Goldschmidt, where profits slumped last time. On the banking side, lending activity has been sluggish, while there has been no opportunity to repeat the gilt-edged gains of 1977—and the results of the Paribas associate have been unexciting. But corporate finance business was probably quite strong during this period, and the foreign exchange side should also have been busy. Moreover the stock market was trading at reasonably high levels, which will have helped earnings from investment management, and the Matthews Wrightson associate has reported sharply higher half-time profits. Overall, this varied mix has allowed Mercury to come out on the right side so far, but there is nothing to add much enticement to a share price of 111p. Assuming a 10 per cent dividend rise the prospective yield is 5.6 per cent.

Inchcape shares slump

Inchcape shares yesterday slumped 28p to a new low for the year of 305p. This follows the group's announcement of further significant losses at its Dutch commodity trading subsidiary, Harbon Holdings.

Losses at the subsidiary have so far totalled £7¼m and on top of this Inchcape has made further provisions amounting to £17m. Difficulties have arisen following delayed shipments of cocoa from suppliers on the Ivory Coast. In addition certain contracts entered into in previous years have either been closed down or revalued.

Sharp rise in business at Standard Life

BY ERIC SHORT

A successful year this year for life and pensions business in the UK is heralded by the results published yesterday by the UK's largest mutual life company, the Edinburgh-based Standard Life Assurance Company. This life company, in contrast to most other life companies, closes its books on November 15 and for the year just ended, reports substantial increases in both its life and its pension business.

New annual premiums for ordinary life business in the UK advanced by 52 per cent over the 12 months to November 15, 1978 amounting to £19.4m, while new single premiums were 42 per cent higher at £4.1m.

The most successful markets in this sector of business were individual pensions for directors and executives, self-employed pensions and contracts connected with house purchase. Annual premiums on the company's Stanplan A for executives totalled £3.5m compared with £1.4m in the previous year—a rise of 147 per cent. Single premiums under this contract nearly doubled to £1.7m. Annual premiums on personal pension policies for the self-employed rose by 162 per cent from £0.9m to £2.4m, while single premiums were one quarter higher at £2.5m.

These results confirm reports that the executive pension and the self-employed pensions markets have been this year's best sellers for the UK life assurance industry.

Sales of life policies were also buoyant during the year, in contrast to the previous year when they were comparatively dull. Annual premiums on contracts used to repay off house purchase mortgages were 43 per cent higher. The savings market not connected with house purchase also showed a considerable advance on the previous year. Annual premiums on the company's two main savings contracts, the Early Maturity Option and the Gemini policy, were 16 per cent higher than last year. These results reflect a more active house purchase market and a higher level of personal savings arising from an improvement in the overall earnings of the community.

Life companies would appear to have benefited from the start in April of the new State pension scheme. This gave employers the option to opt out of the earnings-related part of the scheme and provide benefits with a company scheme. The results of Standard Life indicated that, as anticipated, many employers took advantage of this option. More than 300 new company schemes were installed during the year covering over 25,000 employees with a total annual premium income in excess of £10m.

Overall, new annual premium income (including managed funds) for group life and pension business improved by 26 per cent to £26.5m with single premiums being 11 per cent higher at £21.1m. The company reports that total group life and pensions income (excluding investment income) passed the £100m mark for the first time, increasing by 25 per cent on the year from £96.5m to £121m.

Business was also good in the Republic of Ireland with new annual premiums on ordinary life business 30 per cent higher while group business showed a 21 per cent rise. Single premiums almost doubled, though still small in total. New business in Canada, in contrast, was slightly lower than in the previous year. It was very slow over the first part of the year, but individual life business has been growing quite strongly since July — the date when Standard announced the transfer of its Canadian business to Manufacturers Life. Last week, it announced that it was not proceeding with this transfer and would be staying in Canada.

Increase for Ocean Wilsons

ON TURNOVER ahead from £17.17m to £20.35m Ocean Wilsons (Holdings) pushed up pre-tax profits from £1.5m to £1.75m in the half year to July 31 1978. U.K. tax was lower at £86,936, against £95,102, while overseas tax rose from £434,766 to £523,552.

The interim dividend is maintained at 1p net. For the whole of last year the group paid 2.875p out of pre-tax profits of £2.68m which included £37,000 share of loss of associated companies. Stated earnings per 20p share are 8.63p, against 7.29p.

Profit retained is up from £822,553 to £1m.

Brickhouse Dudley advances at midway

AN ADVANCE in pre-tax profits from £0.86m to £1.17m on turnover ahead from £10m to £12.22m is reported by Brickhouse Dudley for the six months to December 30, 1978.

Earnings per 10p share are shown to have increased from 2.508p to 3.744p and the interim dividend is raised from 0.778261p to 0.860058p net. There is also a deferred final of 0.023585p in respect of 1977-78 and this brings the total for that year to 2.358405p on profits of £2.02m.

Tax for the first half took £609,000 (£418,000) leaving the net balance up from £385,000 to £561,000.

The company is a manhole and inspection cover and frames manufacturer.

Mr. Michael Huxtable, chairman, states that the interim results have exceeded original expectations, and the board is confident that the figures for the full year should continue to reflect this trend. "Should this prove to be the case the directors intend to increase the full year's dividend some way towards the new maximum permitted levels allowed for companies whose increase in dividend cover allows them to do so.

Slight rise for Daily Mail Trust

GROSS INCOME of Daily Mail and General Trust went up from £868,000 to £986,000 in the half-year to September 30, 1978. Net revenue after tax came out at £523,000, against £482,000.

The interim dividend is raised from 4.392p net to 4.904p with an additional 0.127p for last year when the group paid a total of 12.781p, out of revenue after tax of £1.82m.

Income from the investment in Associated Newspapers Group is not included because this is wholly accounted for in the second half. The proportion of that company's after-tax profit attributable to the Daily Mail rose from £1.63m to £1.91m for the six months to September 30, 1978.

The interest of Daily Mail in Associated Newspapers was reduced to 49.95 per cent in October this year and it then ceased to be a subsidiary.

As a result the amount received from an interim dividend of 2.024p (1.852p) is £309,000, against £284,000.

The valuation of the Trust's investment at September 30, 1978, was £55.8m (£50.2m).

Routledge ahead to £206,006

PRE-TAX profits of Routledge and Kegan Paul, publishers, rose from £182,000 to £206,000 in the half year to September 30, 1978.

The interim dividend is raised from 1.25p to 1.4p net. Last year's total dividend was 4.05p on pre-tax profits of £361,000. Stated earnings per 25p share are up from 7.6p to 8.6p.

Turnover for the six months was £1.87m, against £1.32m and tax takes £107,000 (£95,000).

To the end of October sales were 10 per cent over the previous year the annual meeting was told.

G R liquidity improvement

Liquidity of G. R. (Holdings) has improved further and enables exploitation of any profitable opportunity for expansion in existing companies and to take advantage of favourable openings for fresh investments, Mr. A. D. Stalbow, the chairman, says.

However, once again he does not feel justified in forecasting future trading results.

The dressing and dyeing activities of the group are not in good shape, and retail sales in London have been disappointing.

On the other hand the fur merchanting division remains active and the sueded sheepskin unit should produce satisfactory results provided it can continue to meet the competition in export markets from foreign companies which receive special incentives.

Pre-tax profits for the year ended June 30, 1978, were £2.47m, some £33,000 higher than last year's total which included £100,000 of exceptional items. Group turnover amounted to £18.88m, representing a small increase over last year.

Except for the Australian subsidiary, it was not a good year for dressing and dyeing activities and in certain articles the availability of work for processing has declined very sharply since the end of the financial year.

As a result it is proposed to close one of the processing units and discussions have already been held with the relevant authorities and unions.

The sueded sheepskin section of the group's activities proved satisfactory as did the fur merchanting side which is largely geared to exports.

Grayshott Hall has fully maintained its popularity and the modest venture into property transactions is proving fruitful, the chairman says.

Once again it has been necessary to increase the level of stocks held, to service the group's sales. Creditors and debtors are both higher than last year and there has also been a substantial increase in bank balances.

Newman-Tonks 'still on takeover trail'

SEVERAL acquisitions were being pursued by Newman-Tonks and the group hoped to make an announcement soon, said Mr. M. L. B. Wright, chairman, at yesterday's annual meeting.

He added that the Econa group of companies which joined Newman-Tonks at the beginning of the financial year were on stream with budgeted profits. They will made a significant contribution to Newman-Tonks profits.

Mr. Wright said the engineering division had been disrupted over the past month by an industrial dispute. Work had restarted and talks were going ahead within the Government guidelines.

As to the future Mr. Wright referred to his statement last month in which he said the company has budgeted for a profits increase, which with the consolidation of Econa, should improve earnings and profits.

Hanimex Sales grow by 10%

Since the end of the financial year, business had been improving monthly at Hanimex Corporation.

Armitage and Rhodes well up at halfway

Despite the difficult conditions in the furniture trade Armitage and Rhodes pushed up profits from £108,000 to £167,000 in the half year ended September 30, 1978. This was achieved from sales of £3.57m against £2.62m, reflecting an improved margin of 4.8 per cent (4.1 per cent).

Export sales in the half year reached £940,000—26.3 per cent of sales—compared with £928,000 or 35.5 per cent. The directors report that despite the slower rate of increase the group's vigorous drive into foreign markets continues and they expect an acceleration of export business in the next six months.

Capital expenditure of around £250,000 has been incurred during the period, the majority of which has been spent on new weaving machines.

On present trends "we should have a satisfactory year," the directors state.

In view of the results an initial interim dividend of 1p net per 10p share is declared, payable on January 9. The company previously only paid one dividend per year.

The group is a public unquoted concern engaged in the manufacture of furnishing fabrics. The shares are traded through M. J. H. Nightingale and Co.

Jacksons Bourne End first half rise

Profits of Jacksons Bourne End improved from £54,300 to £85,600 in the 28 weeks ended October 14, 1978 before tax of £45,000 against £25,900. Turnover was £2.02m compared with £2.55m.

Earnings per share before extraordinary items are shown at 3.8p (2.4p). Again no interim dividend is declared but the Board will consider a dividend for the year when final results are available. A single 2p final was paid last year from pre-tax profits of £157,000.

Extraordinary debits in the half-year amounted to £3,300 (£25,500) being the cost of rationalisation of Board production less tax relief. In the previous half-year, there was an £8,500 surplus on the sale of property.

For most of the half-year, trading conditions in the main operations showed an improvement. The shoe components company, in particular, produced good results.

Activity in the manufacture of products for the motor vehicle industry was well sustained up to the time of the Ford strike which seriously affected demand for several weeks, covering the end of the half year and opening period of the current half-year.

This resulted in short-time working in the converting division, which includes the board manufacturing operations.

The extent to which final results will be affected depends on the timing and the level of resumed demand.

Fourth City accounts qualified

Fourth City and Commercial Investment Trust, whose affairs are being probed by the Department of Trade, says that every possible step is to be taken "to have the present imposition concluded or removed so that a more normal and rational view may be taken of the company's future and the interests of shareholders."

Mr. R. J. Wheeler, the chairman, says in the group's annual report that the directors have been advised "that it is proper to maintain restraint until the process of inspection is completed and the inspectors report is available, although such present restraint should in no way be taken to imply that the directors believe there is any justification for the application made."

He continues: "There is confidence that in due course it will be shown that there has been no activity connected with your company which at all merits the severe impositions that have been placed upon it."

The group, which made a loss before tax of £951 in its last financial year ending June 30, 1978, compared with a loss of £2,685, reports that it has just passed through another difficult year during which its affairs have remained static.

The auditors, Mann Judd have qualified the accounts. They say that the investment in Excelads has been included in the balance sheet at a cost of £49,390 which the directors have valued at £100,000. "No accounts of the company have been prepared since December 31, 1975," because say the directors certain necessary books and records have not been available to the directors of those companies since August 1977.

"In view of this," continue the auditors, "we are unable to express an opinion as to its value and consequently as to whether the balance sheet shows a true and fair view of the state of affairs of the company at June 30, 1978."

MILLETTS LEISURE

County Bank has completed the underwriting in connection with the offer for sale of 1,707,560 ordinary shares of Milletts Leisure Shops.

Full particulars will be published on December 4 and the application list will open on December 7. Brokers to the issue are W. I. Carr, Sons and Co.

Milletts Leisure operates 88 retail shops throughout England and the Channel Islands, selling leisure wear, camping and sports equipment, jeans and rainwear.

Better trend at Bromsgrove Casting

For the half year to September 30, 1978, pre-tax profits of Bromsgrove Casting and Machining recovered from a depressed £19,247 to £96,403, on turnover of £1.62m against £1.5m.

When reporting on a £167,000 taxable surplus for all 1977-78, the directors said the current year should see a worthwhile improvement although profits for the year would bear the cost of removal of the Bromsgrove plant and workforce.

The half-yearly tax charge takes £35,000 (nil) leaving net profits higher at £61,403 against £19,247. The net interim dividend is raised to 0.9p (0.8p) per 5p share—the 1977-78 final was 1.4p.

Bayer UK looking for record year

FOLLOWING the release of Bayer AG results last week, its subsidiary Bayer UK reports record figures for the first nine months of 1978.

Total sales were up 10 per cent to £80.65m (£73.38m) while profits before tax rose 37 per cent to £2.07m from £1.51m. Net profits virtually kept pace, increasing to £948,764 from £713,528, an improvement of 33 per cent.

All divisions operated profitably, and the group is set fair for a record year, the directors say.

The largest contributor to turnover and, to profits was the Agrochem division, achieving 87 per cent increase in turnover, 14.6 per cent more than forecast.

The pharmaceutical division increased turnover almost 30 per cent over the corresponding period last year. Other divisions performing particularly well were plastics and surface coatings and the rubber divisions.

The dyestuffs and fibres divisions continue to go through a difficult period, and both were down on forecast. Nevertheless they both produced profits.

The Agrochem division is now entering its quiet trading season and company profits for the year are unlikely to be much higher than for the first nine-month period.

Overall group estimates are for sales in the home market of about £105m at the year end, compared with £97m at the end of 1977.

Next year looks very promising and divisions are making healthy forecasts, the Board states. However, fortunes will depend on the basic economy of the country.

Bazaloni hit by tax dispute

Bazaloni Holdings, part of the Walter Duncan Goodricke group of tea plantation companies, announced yesterday that lack of approval for remittances from India "is creating considerable financial problems for the company."

According to the company statement, which was similar to that produced on Tuesday by its sister company, Badulipar Tea Company, remittances have not been allowed because the Indian income tax authorities have not granted a "no objection" certificate.

The tax authorities are in dispute with Bazaloni, among other tea companies, about taxation of fees paid to the UK for secretarial and management services over the past 16 years.

"This dispute is of such a serious nature that intervention by the UK government has been requested by the industry," says Bazaloni.

The resultant financial problems mean that in current circumstances the company sees no prospect of any dividend payments.

Another problem for Bazaloni has been litigation with its former agents in India, Octavius Steel Calcutta. This has led to a delay in producing the 1977 accounts because the company was unable to obtain all the necessary audited statements. But now it is expected that the accounts will be published early in the New Year. Meanwhile, unaudited figures indicate that the results will be similar to those of the previous year.

Foseco Minsep sales progress

Sales in all group sectors of Foseco Minsep continued to show steady progress during the nine months ended September 30, 1978.

The directors state that trading conditions remained at levels similar to those reported at the interim stage. Profits for the first six months showed a rise from £7.63m to £8.36m.

In their interim report the directors said that a modest improvement in steel production in many countries had benefited the steelwork sector, but demand for foundry products reflected the depressed state of that industry. Progress of Fosroc continued to be encouraging.

M & G Second Dual Trust

A dividend total up from 5.06p at least to 5.75p net per share is forecast by M and G Second Dual Trust for the year ended May 31, 1979. An interim of 3.2p is now declared.

Net taxed revenue for the six months ended November 30, 1978, showed a rise from £279,731 to £328,686. The asset value per capital share was 54.1p.

HALLAM PASSES PREF. DIVIDEND

The Hallam Group of Nottingham, system buildings maker, states that in view of continuing losses the preference dividend for the half year ending December 31, 1978 will not now be paid. This class is in arrears from July 1, 1976.

The group, formerly Vic Hallam, is jointly owned by Montague L. Meyer and May and Hassell.

Westbrick leaps 74% mid-year

WITH THE reorganisation begun in October last year now completed, sales of Westbrick Products rose 31 per cent to £6.44m and reflecting improved margins, pre-tax profits jumped 74 per cent from £135,000 to £344,000 for the six months to September 30, 1978.

Mr. J. W. Sutherland, the chairman, comments that the results are in line with budget, while the performance has continued and is expected to be maintained throughout the rest of the year.

For all the previous year, taxable profits were £331,000, with a peak £816,000 in 1972-73.

The interim dividend is hoisted from 0.5p to 1.25p net, from half-yearly earnings of 4.5p (1.2p loss) per 25p share and is covered 3.6 times—last year's final was 1p.

The cash outflow in the previous year has been sharply reversed and the company is now financing its current expansion out of cash generated within the group, the chairman adds.

At the attributable level, there was a turnround from £51,000 losses to profits of £183,000, struck after tax of £161,000 (£132,000) and exceptional and extraordinary losses last time of £63,000 and £54,000 respectively.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—C.H. Industrials, Crosby Spring Interiors, Cullen's Stores, Giltspur, Hargreaves Group, Howard Tenens Services, Marling Industries, Robert Moss, Racal Electronics, Sangers, Scottish and Universal Investments, 600 Group, Tranwood, UKO International, Whitbread Investment.

Finals—Messina (Transvaal) Development, National and Commercial Banking, Tompkinsons Carpets.

FUTURE DATES

Interims—

Banker's Investment Trust	Dec. 5
Bishop's Stores	Dec. 8
Burnett and Hallamshire	Dec. 7
Castings	Dec. 7
Marshalls (Halifax)	Dec. 4
Norton (W. E.)	Dec. 6
Oil and Associated Invest. Trust	Dec. 6
Stonehill	Dec. 7
United Gas Industries	Dec. 14

Finals—

Cardiff Malting	Dec. 8
Dennis (James H.)	Dec. 5
Hawkins and Tipson	Dec. 14

Wheway Watson expands to £0·42m and confident

IN THE half year ended September 30, 1978, turnover of Wheway Watson Holdings improved from £5.71m to £7.00m and profits, before tax, were higher at £420,859 against £283,816 in the same period last year.

Second half profits should show some further advance although the rate of increase may not match the percentage rise of the first six months, the directors say. However, they are confident of a satisfactory outcome for the year.

The interim dividend is 0.45p (0.35p) and has been based on the assumption that the year's total will increase by 10 per cent. The increase in the interim is to reduce disparity—last year's total was 0.88646p from pre-tax profits of £756,000.

After tax of £105,215 (£71,000) first half earnings per share are shown at 1.13p against 3.09p. The profit is struck after interest of £102,500 (£100,994).

The group trades as chainmaker, engineer and forger.

Turnround to profit for Dykes

A TURNROUND from a loss of £35,653 to a pre-tax profit of £70,044 was made by J. Dykes (Holdings) in the first half to July 31, 1978. There is an interim dividend of 0.55p net—subject to formal Treasury consent—no dividends were paid last year.

The profit was arrived at after crediting £111,111 proceeds from the settlement of an outstanding litigation.

The directors say the trading volume is considerably greater than at the same time last year.

Turnover for the period was £2.38m, against £2.15m and tax takes £29,131 (nil). The group is retaining £36,713, against a loss of £39,853.

Interest 0.55p (no dividend last year) subject to formal Treasury consent, pay December 29. Turnover half-year to July 31, 1978, £2,383,943 (£2,151,853). Pre-tax profit £70,044 (loss £35,653). Tax £29,131 (nil). Retained £36,713 (loss £39,853). Profit arrived at after crediting £111,111 proceeds of settlement of an outstanding litigation. Current trading volume is considerably greater than this time last year.

£31,000 rise for Moorgate Mercantile

PRE-TAX PROFITS of Moorgate Mercantile Holdings rose from £103,000 to £134,000 on turnover ahead from £1.72m to £1.95m in the half year to September 30, 1978.

There is again no interim dividend. The group has not paid a dividend since the 1973 interim of 0.5p net. Earnings per 10p share are shown up from 0.67p to 0.88p.

The amount attributable is up from £102,000 to £161,000 after the transfer of £27,000 (nil) from capital reserve of the surplus on revaluation realised on the sale in June 1978 of the property at Westcliff-on-Sea. There are no minorities this time, against £1,000, and again no tax due to losses brought forward.

BIDS AND DEALS

Dawson sales and profit up midway: Haggas scrip

Dawson International, the luxury knitwear group, yesterday announced a 12 per cent lift in sales to £44.9m and a 17 per cent jump in pre-tax profits to £6.6m for the six months to September 30.

The interim figures accompanied a formal offer document covering the agreed £25m cash and share bid for John Haggas, the Yorkshire yarnspinner.

The document shows that Haggas intends to make a one-for-six scrip isue prior to the bid to reduce stamp duty payable by shareholders. As a result the offer is now 10 Dawson shares plus £9 cash for every 63 Haggas shares (equal to nine old shares). Shares representing fractions will not be issued but will be aggregated and sold for the benefit of Dawson.

Haggas has revalued its assets and, with the addition of £1.3m in deferred tax, the net tangible assets are worth £22.6m compared with the £8.9m figure in the latest accounts.

The Haggas group will continue to be run by Mr. Brian Haggas as managing director and he will join the Dawson board and its executive committee. He also intends to sign a three-year service agreement, the details of which have still to be finalised.

The Dawson interim statement says that a dividend of 3p will be paid on January 25 to shareholders registered by December 22. Mr. Alan Smith, Dawson's chairman added that the group balance sheet "continues to reflect a high degree of liquidity and in terms of management strength, financial controls and productive efficiency, we are well equipped to face the future."

At November 10, loans and bank overdrafts of Dawson totalled £1.44m and there was debenture stock outstanding worth £3.54m. Cash, deposits and investments were worth £20.2m on November 10.

The first closing date for the offer is December 22. Irrevocable acceptances covering 50.33 per cent of the stock have already been given by the Haggas family and various directors.

AMALGAMATED STORES REPORTS ASSET INCREASE

Amalgamated Stores, the property investment group, has sent shareholders a 15-page circular detailing property acquisitions, disposals and revaluations.

The group reports that since the relisting of its shares on the Stock Exchange and its reorganisation in February of last year net assets have increased from 2.3p to 11.8p per share.

Since its year end at March 31, 1978 it has acquired the freehold of Lyntonia House, Praed Street, London, W; the head leasehold of 147-153, Kings Road, Chelsea; and the underleasehold interest in the property 1-4, Yarmouth Place, London, SW. The total consideration is £618,549.

It has also purchased a freehold property known as 374-390, King's Road, Chelsea for £434,250. The deal will be completed on December 1, 1978.

Amalgamated Stores has sold leases of Hans House, Hans Street, S.W., and 80 Clifton Street, London, E.C. for a total of £1.06m.

Total cost of the acquisitions, including legal costs, is £1.098m. Of that figure £778,000 has been financed by loans and the balance funded out of the group's existing overdraft facility. At current interest rates £175,280 of interest charges will be incurred in the next twelve months on the total cost of £1.098m.

The net effect of all the transactions on interest charges payable by the group in the next twelve months will be an increase of £6,700, at current rates.

Mr. Frank Phillips, Amalgamated's managing director, said yesterday that more investment acquisitions and developments were being investigated.

The annual general meeting will be held on December 14, 1978 at 42 Portman Square, London, at which a resolution will be put to change the company's name to Amalgamated Estates.

Matthew Hall £1.7m purchase

Matthew Hall and Co has bought Qualter, Hall and Co from British Steel Constructions (Birmingham) for £1,685,595 in cash. This amount is subject to a retention fund pending the outcome of certain unresolved matters.

Qualter, Hall carries on the business of design, manufacture and installation of mining equipment and bulk materials handling systems and is based at Barnsley, South Yorks.

The company, while retaining its separate identity, will complement the activities of Matthew Hall Ortech, and will enable the group to extend the range of services it is able to offer to the mining and materials handling industries both internationally and within the UK.

It is Matthew Hall's intention to continue the business of Qualter, Hall at its present site and under its present name and management.

At October 31, 1977, the date of Quarlter, Hall's latest audited accounts, net assets were shown as £1,158,964 and the profit before tax for the year ended on that date amounted to £360,681.

APPROACHES TO McNEILL GROUP

The receivers of the McNeill Group have been approached by a number of parties who are interested in acquiring the group's interests.

In a statement the joint receivers say that they will be carefully considering all the approaches but are not in a position to indicate the nature of the discussions which have taken place, the parties concerned, or the type of proposals made. McNeill is a Northern Ireland-based concrete and structural engineer.

The receivers have also had a meeting with Mr. J. D. Concannon, the Minister responsible for industry and manpower in the province, who is considering the matter with regard to the prospects of maintaining employment. If possible, he would seek to develop a joint plan with one or more of the interested parties which will provide a long term solution and secure as many jobs as possible.

The receivers are continuing to trade and have the co-operation of directors, employees and unions. A further statement will be issued in the near future.

KIEN HUAT INCREASES STAKE IN H & C

Kien Huat Realty, the Malaysian company which has been in conflict with the Harrisons and Crosfield group in the past, has spent about another £2½m to increase its stake in the group.

That is the current market value of the 450,000 shares in H and C which it has bought since July. The stake is now raised from 11.2 to 12.009 per cent.

Kien Huat bought 85,000 of these shares on November 23, the day after H and C's bid for the minority of Sabah Timber was announced. The other 365,000 shares were bought at a previous unspecified time.

On Tuesday it was announced that Kien Huat had spent £960,000 buying 1,476,000 shares in Sabah Timber. If H and C succeeds in acquiring the 40 per cent minority of Sabah which it does not already own, Kien Huat's stake in H and C will be diluted down again to 11.8 per cent.

CALA/SCOTTISH WESTERN TRUST

Shareholders of the City of Aberdeen Land Association have been recommended by their board to reject the 103½p per share offer from Scottish Western Trust Company.

Mr. A. Ledingham, the chairman of CALA, in a letter to shareholders sent yesterday, says that SWT only intends to keep a minority interest in CALA. A proportion of the shares SWT has already acquired will be placed.

He draws attention to the fast growth of CALA over the past five years and the exit yield of 10.1 per cent if shareholders accept the offer. The directors are forecasting a 35 per cent dividend increase in the current year to 7p net per share. Treasury consent has been granted.

SHARE STAKES

CORAL LEISURE GROUP—Mr. N. Coral and Mr. H. Young, as joint trustees, have sold 129,500 shares — the disposal was made for tax reasons.

EVA INDUSTRIES—Anglo-Indonesian Corporation has acquired further 22,500 ordinary shares bringing total holding to 1,071,436 (approximately 21.07 per cent).

ARMOUR TRUST — Mr. P. Bond, director, has purchased 50,000 ordinary shares.

CROSBY HOUSE GROUP—Following recent rights issue, International Investment Trust Company of Persey has interest in £147,850 of Crosby's convertible unsecured loan stock 1987-90 (31.48 per cent).

J. BROCKHOUSE AND CO.—Shares have been allotted to directors at price of 26.25p as a result of the exercise of options granted in August, 1974 under the company's share option scheme for executives:— R. J. H. Parkes, 45,000 ordinary shares, W. D. Ball, 10,000, T. N. O. White, 18,000, A. H. Griffiths, 41,000 and H. W. Bullock, 41,000.

TALBEX

Talbex Group, the diverse industrial concern with Arab backing, is seeking shareholders approval for the sale of Burlington Insurance Services and United Service Mutual Insurance Agency to Mr. K. J. Rawlings, a director of James Warren, and chairman of both the companies that are to be sold.

This follows Talbex's disposal of James Warren Financial Services for £88,434 in August this year. Burlington and USMIA are the only remaining active members of the insurance broking division, which was acquired in March this year as a result of Talbex's successful bid for James Warren for £791,000.

Explaining its latest move yesterday, Talbex said that the purchase of James Warren was intended principally to provide funds for both the development of the existing Talbex businesses and for the expansion of the group by acquisition.

"It was also felt that the insurance companies, which were the main trading subsidiaries of James Warren were capable of expansion; while the board still maintains this view it considers that these companies operate in a highly competitive and specialised industry and that a disproportionate amount of Talbex's resources would be required to develop them successfully."

The sale consideration is £128,700 less profits of the businesses after taxation from November 1 to December 31, 1978. The purchaser is acquiring the book debts of the businesses and is assuming liabilities, which taken from the management accounts at October 31, 1978, is £308,282.

Of the consideration payable, between 70 and 80 per cent will be attributable solely to goodwill since, apart from book debts, the written down values of the assets to be sold amount to approximately £31,000.

The freehold premises from which Burlington and USMIA operate are to be retained and a lease for a term of 20 years at a full rental is to be given to the purchaser.

The sale is to be approved at an extraordinary general meeting of Talbex shareholders on December 15, noon, at the Charing Cross Hotel, Strand, London, W.C.2.

BLACKWOOD MORTON

Blackwood Morton and Sons (Holdings) says that the sale of the land, buildings and plant of its Canadian subsidiary, which ceased production in May 1978, has been completed.

The surplus of the net proceeds over the book amount of the assets sold will be dealt with in the group accounts for the year to June 30, 1979.

SINGLO BUYS

Singlo Holdings is offering to acquire Wood Brothers Glass Company and has received irrevocable acceptances in respect of 97 per cent of Wood shares. The consideration is £125,000 cash.

Wood manufacturers and markets glassware from freehold premises in Barnsley, Yorkshire. In the year to July 2, 1978 Wood had net assets £270,000 and returned a pre-tax loss of £25,990.

Although losses have been incurred in each of last three years these have progressively diminished and Singlo believes that the improved trend is continuing.

AURORA SELLS SOUTH AFRICAN HOLDING

General and precision engineer Aurora Holdings is planning to sell its 66 per cent stake in the South African subsidiary Samuel Osborn (South Africa).

Directors of Samuel Osborn (South Africa) yesterday asked that dealings in its ordinary shares, quoted on the Johannesburg Stock Exchange, should be suspended because negotiations are in progress which may lead to an offer being made for the company.

The latest move follows Aurora's purchase in May this year of the whole of Samuel Osborn, the Sheffield based special steel group, for £11.4m.

DAVY CORPORATION

In accordance with a previously announced agreement and plan of merger, a subsidiary of Davy Corporation has been merged into and with the McKee Corporation.

Following the merger, McKee has become a wholly owned subsidiary of Davy and all common shares of McKee which were not purchased by Davy's subsidiary, DM Holdings Inc. (in connection with its recently completed tender offer for the common shares of McKee) have been converted into the right to receive $33 cash per share.

LADBROKE OFFER FOR MYDDLETON

Ladbroke Group is to offer 179p each for the warrants of Myddelton Hotel it does not already own. This is the same price that the group paid for 56,000 Myddelton warrants last week.

The group previously announced that it had paid between 183p and 184p for these warrants, but this was incorrect. The offer of 179p is exactly equivalent to Ladbroke's offer for the Myddelton's ordinary shares.

Scottish Cities Trust sees better year

Increased profits for the current year at Scottish Cities Investment Trust are forecast by the Earl of Dartmouth, the chairman, in his annual statement.

He says present indications are that a further increase in dividend income may be expected and this together with the recent increase in deposit interest rates should produce improved profits.

As already known, gross income rose slightly from £512,870 to £518,913 for the year ended September 30, 1978, and pre-tax revenue was virtually unchanged at £457,373 (£456,857).

MINING NEWS

Ergo's double reclamation

BY KENNETH MARSTON, MINING EDITOR

THE UNIQUE combination of producing gold, uranium and sulphuric acid from previously discarded mine waste while at the same time removing a source of pollution and reclaiming land which was previously covered by slimes dumps, was welcomed by Mr. S. P. Botha, South Africa's Minister of Mines and Labour, yesterday.

Speaking at the official opening of the Anglo American Corporation group's highly successful R140m (£83.3m) East Rand Gold and Uranium (Ergo) waste dump re-treatment complex in the East Rand he said that investigations were under way into improving the huge plant's recoveries. The present annual production rate is 7,000 kilogrammes of gold, 200 tonnes of uranium oxide and 330,000 tonnes of sulphuric acid.

Mr. Botha pointed out that the governments of the U.S. and Canada are planning major programmes of remedial action in regard to uranium tailings in these countries. He suggested that under the right conditions South Africa's expertise in this respect could be passed on to other countries.

He added that the combined resources of uranium in South Africa and Namibia (South West Africa) represented some 17 per cent of the Western world's total of reasonably guaranteed reserves which can be mined at less than $50 per pound of uranium oxide.

In the foreseeable future South Africa should be able to maintain its position as one of the four leading suppliers of uranium, he said. So far, the country's uranium industry has earned at least R1.5bn in foreign currency.

TCL SHOULD PAY MORE AGAIN

In the absence of unforeseen circumstances, the dividend growth of the Barlow Rand group's Transvaal Consolidated Land and Exploration can be expected to continue in 1979. Stating this in the latter's annual report the chairman, Mr. A. C. Petersen, points out that pre-tax coal earnings should increase "considerably" in line with the start of production at the Rietspruit opencast mine.

Gold and platinum dividend income should also rise in the current year to next September but there will be a limited contribution from the chrome mines whose markets are suffering from slack demand and over-production.

Interest on borrowings for capital works at Rietspruit and on the chrome mines will no longer be capitalised, but will be charged to profits. In addition, amortisation charges on these assets will commence.

The sum of these charges will be substantial and may result in net profits being close to those of 1977-78: the latter being R27.48m against R23.86m in the previous year. The past year's dividend was raised to 110 cents from 95 cents.

Mr. Petersen adds, however, that rapid repayment of the loans is planned and increasing additional earnings from the new Rietspruit and Duvha opencast collieries can be expected thereafter. TCL shares were £10¼ yesterday.

Greenvale now more hopeful

IT SHOULD now be clear that all those connected with the Greenvale nickel and cobalt project in Queensland are determined that the project will meet the challenge of a prolonged period of depressed metal prices, Mr. Reg Hare, the chairman of Metals Exploration, told shareholders in Melbourne yesterday.

Metals Ex has an equal stake in the troubled venture with Freeport Minerals in the U.S., and the partners have been supported by loan funds from the U.S., Germany, Japan and Australia. The loans were restructured again at the beginning of this month.

The restructuring involved a system under which the lenders receive 100 per cent of the first A$100m (£58.6m) of cash surplus and thereafter take a declining percentage until the total debt is repaid.

Mr. Hare noted that the substantial relief in debt servicing placed Greenvale in a position of more confidence than a year ago. Other factors which engendered confidence were the security of long-term sales contracts; improved operating efficiency and the high price of cobalt.

But the critical factors for bringing the project into profit are the level of nickel as well as cobalt prices and the movement of the U.S.-Australian exchange rate, Mr. Hare said. The outlook for nickel remains depressed, however.

Mr. Hare reiterated that Greenvale revenue was running ahead of operating costs. But Metals Exploration Queensland, the deconsolidated subsidiary of Metals Ex, and the group's Greenvale operating unit, had accumulated losses of A$35m (£20.5m) by the end of last June.

ARAB POTASH IN NEW SALES DEAL

The Arab Potash company of Jordan has signed a third and final marketing agreement, which will guarantee the sale of all the 1.2m tons of potash it will start producing in 1982, writes Rami G. Khouri from Amman.

EMC Group of France has signed a letter of intent to buy and market 250,000 tons of Jordanian potash annually for five years, starting in 1982.

This agreement covers sales in Western Europe and Africa, and it follows similar arrangements signed during the past five weeks with Mitsubishi of Japan, which will market 600,000-890,000 tons annually, and Woodward and Dickerson of the U.S., who will market 370,000 tons annually.

The potash project, along the south eastern shore of the Dead Sea, is now under construction, with the contract for the main civil works to be awarded next week.

Westfield's Newfoundland uranium find

INTRIGUING first uranium assay results ranging up to a highly radioactive 230 lbs uranium oxide per ton in one boulder are reported by Canada's Westfield Minerals from its discovery in the vicinity of the upper Humber River in Newfoundland.

Follow-up investigation of the previously reported discoveries of uranium mineralised sandstone fragments and boulders has located uranium mineralisation in place in the underlying leached bedrock.

In order to obtain fresh and unleached samples and to test the continuity of the radioactive zones Westfield is to start a diamond drilling programme within the next week. Initially it will consist of 2,500 feet of drilling in approximately 20 holes each to a minimum depth of 100 feet on a grid spacing of 25 feet to 50 feet.

The assay results have come from shallow test pitting and trenching. Where the rock has been heavily weathered it appears that much of the uranium has been leached out. Thus values in one zone averaged only 0.6 lbs while two boulders in the stream bed of Wigwam Creek have given 7.6 lbs and 34.2 lbs respectively. The earlier-mentioned high value 230 lbs boulder in one of the three pits was relatively fresh and unweathered at its central core.

Thus the surface and near surface material tested gives widely varying values. The hope is that the deeper probing drills will find more consistent and good grade values. At this stage, however, there appears to be no indication of the size of the prospect or of its overall grade.

All that can be said is that the values obtained from the limited amount of sampling carried out are very encouraging and Westfield has been busy staking and optioning additional claims in the area.

Since the first news of the discovery last month shares of Westfield have spurted from 130p to as much as 395p at one time. Yesterday they closed 10p up at 360p after moving between extremes of 375p and 330p.

SAMANTHA PLANS SHARE FLOAT

Samantha Exploration, the Australian diamond hopeful, is planning a public float with an issue of 5m shares at 40 cents (23.4p) each. The par value is 20 cents, reports James Forth from Sydney.

The issue will raise A$2m (£1.17m) and give the public a 55 per cent interest. Samantha has a number of exploration prospects, most of which are joint ventures. It is associated with the listed companies, Mid-East Minerals and the Triako-Buka group.

After the float Mid-East will hold 16.7 per cent of the capital and Triako and Buka 8.33 per cent each.

The issue is underwritten by May and Mellor, the Melbourne stockbrokers, and follows the recent float by Ashton Mining, which is part of a consortium which has made a promising diamond discovery in Western Australia.

ACCOUNTS DELAY FOR C. H. BAILEY

Due to a further holdup in the printing of the 1977-78 report and accounts of C. H. Bailey, it was not possible to despatch them as arranged, the directors say.

Delivery has now been promised by the printers for December 6 and the annual meeting of the group, which owns dry docks and repairs ships, will be on December 29, 1978.

OIL AND GAS NEWS

Alberta oil-sands agreement signed

A CONSORTIUM of Canadian oil companies has signed an agreement with Japan Oil Sands Alberta giving the latter the right to earn a 25 per cent undivided working interest in 1.24m acres of Alberta oil sands leases and rights to an in-situ recovery process owned by the consortium.

The consortium consists of Petro-Canada, Canada-Cities Service and Esso Resources Canada, with Petro-Canada as the operator of the venture.

To earn the interest in the venture Japan Oil Sands must spend a minimum of C$74.8m in three phases with each phase extending over five years.

The first phase involves an initial field pilot of 16 wells to evaluate the recovery process under field conditions. A second phase would obtain field operations and cost information, while the final phase would examine the economics of full-scale production.

* * *

Great Canadian Oil Sands, a unit of Sun Oil, is to expand the capacity of its oil sands plant at Fort McMurray, Alberta, by 13,000 barrels a day, according to Mr. Alastair Gillespie, Canada's Minister of Energy, Mines and Resources.

In 1977, the plant, which started operations in 1968, produced an average of around 45,000 barrels of synthetic crude oil a day.

Mr Gillespire added that Great Canadian will be given access to world prices for its output as is Syncrude Canada, which recently brought its Alberta oil sands venture into production.

The expansion, which is forecast to come into operation in 1981, is expected to cost around C$185m.

* * *

Hard on the heels of its natural gas find in Roger Mills county, Oklahoma, Woods Petroleum says it has made a second major gas discovery in Western Oklahoma.

The company's Dewess-Lacy No. 27-1 well in Custer County tested 6m cubic feet of gas per day from the Springer formation through perforations between 14,963 and 14,978 feet.

According to the company the open flow potential is estimated to be some 30m cubic feet of gas per day. Electric log interpretations also indicated production in the shallower Red Fork and Atoka formations.

* * *

On November 24 it was incorrectly reported that Sceptre Resources, Bow Valley Industries and Siebens Oil and Gas were involved in an offshore concession in Portugal, block 43, Caldas de Rainha. We are informed that the block is an onshore block.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

مكتبات الأصل

NORTH AMERICAN NEWS

Ashland Oil gives reasons for its property sell-off

BY DAVID LASCELLES

NEW YORK, Nov. 29.

IN ONE of the most astonishing developments in the U.S. oil industry for some time, Ashland Oil, the large U.S. oil company, begins in earnest this week to sell off most of its oil and gas producing properties, worth $1bn or more and containing a 200m barrel equivalent of oil and gas.

Details of these plans, previously announced by the Kentucky based company, were given in an interview today with the Wall Street Journal by Mr. Orin Atkins, chairman and chief executive officer.

He indicated that a change in corporate strategy had emerged now and that the company had come to see its role more in the marketing and refining field, while retaining interests in coal and petrochemicals. He said, "Based upon our evaluation of present conditions in the oil industry, the ownership of crude oil and natural gas reserves is of questionable strategic importance to a refiner-marketer such as Ashland."

Mr. Atkins went on to say that: "today, the ownership of crude oil production can be justified only if it earns a profit commensurate with the oil's underlying value." Although Ashland's oil-finding costs have not been high, they have increased enough to limit earnings. Therefore the company felt it was not translating its strengths into meaningful values for its stockholders.

In the last five years, Ashland has spent almost $500m enlarging and modernising its refining, marketing and transportation facilities, and had developed facilities to process high sulphur crude into petrol and other products in high demand. The shortage of such capacity is said to portend growing difficulties in refining as production of low sulphur crude oil levels out.

Ashland's future plans in this field, Mr. Atkins said, include the possibility of taking over operation of two ailing refineries, Come-by-Chance in Newfoundland, and Corco in Puerto Rico, on behalf of a group of Arab investors led by Roger Tamraz.

Ashland has also been trying to take over the Tosco refining company in California, but this has run into legal snags. Mr Atkins said about 20 companies had been studying Ashland's sale offer, and the field should narrow to serious bidders this week. The company refused to elaborate on who these bidders might be, but it has been speculated in the industry that anti-trust problems might prevent other large companies from entering the field. This would narrow bidders down to members of non-oil industries, or foreign oil companies without major operations in the U.S.

Dresser sees profits increase

DRESSER INDUSTRIES expects net earnings of about $200m on sales of around $3bn for the year ended October 31, against $165m and $2.5bn in fiscal 1977.

Senior Finance Vice-President Edward Luter told an investor's conference in London that fiscal 1979 is expected to show further improvement, while the company has set a minimum target of 10 to 15 per cent annual earnings growth in the five years to 1983.

If the target is achieved, earnings in 1983 would range between $8 and $11 per share against $4.75 reported for fiscal 1977, he said.

Luter said Dresser expects to expand through takeovers and also to divest if subsidiaries become less profitable.

The coal mining equipment and the nuclear power industries appeared to be key areas for further expansion through the early 1980s, he added.

Dresser's aim is to achieve a minimum pre-tax return of 25 per cent from existing operations and 35 per cent from new projects.

Luter said Dresser has no plans to raise its debt ratio above 35 per cent of total capital, while at least 65 per cent of the company's debt will be kept long-term.

Dresser's Director of Investor Relations, Herbert Ryan, told the conference that capital spending, budgeted at between $800m and $1.2bn over the next five years is expected to be financed from internal sources. The Group's five-year projections call for 15 per cent annual revenue growth from petroleum service operations, 16 per cent from energy processing equipment, 10 to 20 per cent from refractories and mineral products and 10 to 15 per cent from construction and mining equipment.

Reuter.

Florida Gas investment plans

BY TERRY BYLAND

FLORIDA GAS, the oil and gas exploration and transportation group, has budgeted for $78m investment in the coming year, said Mr. Selby W. Sullivan, chairman of the Board and president, in London yesterday.

He expects a Government decision very soon on the $200m project to change one of the company's pipelines in Texas from oil and gas into general petroleum products.

But for the medium-term, the major plan on hand is for a $1.6bn coal slurry pipeline from the coalfields of Eastern Kentucky to power plants in Georgia and Florida. These power plants could require as much as 53m tons of coal per year in the future from the pipeline which is planned for construction in 1985.

Florida Gas earned 74 per cent of total 1977 earnings of $25m from its pipeline for transporting gas and oil from the Mexican border around the Gulf of Mexico. Sales totalled $200m. It expects this year's earnings to show an improvement on last year's $3.85 a share. The group is one of Florida's largest suppliers of basic energy and is owner-operator of the State's only major inter-state pipeline.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on November 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Trio-Kenwood 3¼ 86 DM	11/78	711	92½	93½	−0½	13.28

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.date = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Occidental in SEC filings inquiry

By Our Own Correspondent

NEW YORK, Nov. 29.

OCCIDENTAL PETROLEUM has revealed that the Securities and Exchange Commission is investigating its filings with the Commission in the last three years.

This emerged in documents which the oil company has filed with the S.E.C. in connection with its four-month-old takeover bid for Mead Corporation the Ohio forest products company.

According to the company, the areas being investigated include the accuracy of statements connected with the Mead takeover, the company's foreign and domestic oil and gas operations, accounting practices, arrangements with foreign governments or their agents and affiliates, compliance with environmental protection laws and contingent liabilities resulting from misleading disclosures.

● Reuter adds: Occidental stated it "does not believe that it made any such misleading statements or omissions of material facts."

But it acknowledged that Dr. Armand Hammer, the company chairman, "obtained undated resignations from a small number of past management directors."

Hitachi disappointed

By Richard C. Hanson

TOKYO, Nov. 29.

HITACHI vice-president Mr. Masafami Misu, said today his company was disappointed with a U.S. Government decision to oppose a proposed joint venture with General Electric in the U.S. to produce television sets. He said in a statement they would in due course analyse the reasons behind U.S. opposition and consult with GE on future plans.

Hitachi officials declined to comment further, saying they have not received formal notification from the U.S. authorities. Hitachi is reportedly considering a reduction of its share of the capital in the new company and a cut in its monthly production target in order to win approval from the U.S. Justice Department.

Macy sees slower growth

NEW YORK, Nov. 29.

R. H. MACY, the department store group, expects a slower rate of growth for the economy next year, "which means even sharper competition in our industry," the chairman, Mr. Donald B. Smiley said at the annual meeting.

Mr. Smiley said that 1979 would "be a difficult year for managing a business well." However, Macy's believed that it could continue to compete successfully.

Macy's was working with other retailers on suggestions to the Council on Wage and Price Stability for industry standards that conformed to administration anti-inflation goals. It was not easy to set pricing standards for department store type merchandise since the retailing industry was at the end of the distribution cycle and did not initiate the basic increases in the cost of the materials, or the processing, which governed prices to consumers.

The Bureau of Labor statistics index of the category of goods carried "in our stores" showed a price increase for July, 1978 of 4.1 per cent over the previous year, Mr. Smiley said.

Reuter.

Canadian banks boost earnings

By Robert Gibbens

MONTREAL, Nov. 29.

CANADA's largest chartered bank, the Royal Bank of Canada, had earnings of C$136.9m or $C3.74 a share in the year ended October 31, against C$98.8m or C$2.70 a year earlier. Loss appropriation was C$97m against C$70m. Revenues were C$3.39bn, compared with C$2.74bn while assets rose from C$34.3bn to C$40.9bn.

Bank of Nova Scotia earned C$90.9m or C$2.20 a share in the year ended October 31, against C$77.5m or C$1.88 a share previously. Loss appropriation was C$63m against C$54m revenues were C$2.1bn against C$1.7bn with assets increasing from C$22.3bn to C$27.6bn.

Georgia-Pacific

Georgia-Pacific, the wood, paper and gypsum group, will have its 1977 financial statement qualified pending the outcome of certain litigation, Reuter reports from Portland. The qualification, by Arthur Andersen, results from the previously announced Jury verdict that a conspiracy existed between Georgia-Pacific and other producers of softwood plywood in class action anti-trust suits in a Federal Court in New Orleans. Georgia-Pacific intends to continue defending the class actions in additional proceedings.

RETAIL GROCERS

Borrowing European ideas

BY MARALYN EDID, CHICAGO CORRESPONDENT

AMERICA'S MID-WESTERN grocers have borrowed two ideas from their French and West German counterparts that may spark a major change in the U.S. retail food industry. That is if consumers, supermarket executives and food processors will respectively accept lower quality, squeezed profit margins and reduced demand for nationally advertised brands offering higher profits.

Generic food and household products and markets offering a limited assortment of low priced goods are rapidly becoming a familiar sight in Chicago. Generics, as they are now increasingly described, are common household staples packaged in unadorned cans, bags and boxes with a one or two word label specifying the contents. Generics are sold as an alternative to national and own name brands in supermarkets. Limited assortment stores carry up to 450 dry, packaged and canned items that usually bear little known brand names.

A year and a half ago, many food industry analysts, retailers and manufacturers did not believe generics and limited assortment stores would survive for another month.

But they refused to fade away and that age-old competitive urge has prompted an increasing number of supermarket chains to feature a generic line and an increasing number of grocers to open limited assortment outlets.

Almost two years ago, Jewel Food Stores, the dominant supermarket chain in the Chicago area, introduced no-brand generics to America. Jewel initially offered 40 unbranded items in 13 metropolitan Chicago stores. It now sells up to 113 generic products in virtually all its 222 mid-Western stores and in its Massachusetts-based Star Markets.

The generic line, which includes the more popular and easily processed household staples, such as flour, paper towels, tomato sauce and peas, is Jewel's translation of "produits libres," the idea pioneered by the French supermarket chain, Carrefour. Prices are about 30 per cent below the leading national brands, such as Del Monte or Heinz, and 15 per cent below a store's own label items.

In mid-1976, Aldi-Benner, which is owned by the West German food discounter Albrecht Discount GmbH, opened three limited assortment stores in the Chicago area and several near its home base in Iowa.

Aldi now has 63 stores spread through Iowa, Missouri and Illinois, including 18 in the Chicago suburbs.

> With inflation beginning to bite into disposable incomes, the U.S. housewife, like her European counterparts, is responding to offers to cut shopping bills. The Chicago area is the scene of two such operations.

These limited assortment stores carry the most common household staples, which are displayed in their original packing cartons, and offer no customer amenities, such as coupon redemption and grocery bagging, or dairy, meat and produce departments. Aldi prices are about 30 per cent below those in conventional supermarkets, a cost saving effected through a self-contained warehouse and distribution system and otherwise reduced overheads. Critics say Aldi's products are second-rate.

But the significant price factor is that gross margins on generics and on Aldi's inventory is significantly lower than on nationally advertised brands. Jewel officials concede to taking smaller gross margins but will not specify how much smaller. Aldi officials will not comment about any aspect of their operation, but industry sources estimate the chain takes a 10 per cent to 15 per cent gross margin compared with the industry average of 16 per cent to 20 per cent.

Because net profits in the supermarket industry are a tight 1.3 per cent of sales, limited assortment stores and the chains that carry generics must compensate for lower margins with higher volume. Critics say this could lead to a new round of cut-throat competition that will only exacerbate the lower margin problem and undermine profit structures.

But the critics may have been too naive. With inflation now a part of daily life, shoppers seem willing to exchange customer service and top-quality products for lower grocery bills. And food retailers, from giant supermarket chains to independent grocers, seem willing to swallow lower profit margins in exchange for customer loyalty.

Limited assortment stores are also mushrooming. On November 1, there were approximately 200 limited assortment outlets scattered throughout the country, with at least two-thirds located in the mid-west.

There is, however, some evidence that generics are further reducing demand for less popular sizes, colours and brands. Jewel executives acknowledge that generics have cut into sales of national and private labels, but they say they are still "assessing" the situation and have not yet pulled any items from their inventory.

Food industry executives say Aldi and its imitators are draining customers from full-line supermarkets. The limited assortment operations are still too widely scattered to accurately determine their market share, but with estimated weekly sales ranging from $35,000 to $100,000 at each Aldi unit, they are a force to be reckoned with.

As generics and limited assortment stores gain in popularity, national brand food processors may find their products collecting dust on shelves and grocers subsequently reducing their orders. And it is still unclear if second line processors can meet the rising demand for their output.

EUROBONDS

U.S. trade deficit hits markets

By John Evans

AN EARLY rally in dollar Eurobonds was halted towards the close of trading yesterday, after news of a wider U.S. trade deficit in October and a retreat by the dollar in currency markets aroused new concern among investors.

However, the market's main talking point remained the planned $50m 15-year straight issue by Norsk Hydro. The proposed terms on the offering—an indicated 9¼ per cent coupon and pricing at a discount—helped create demand for existing long-dated bonds.

Issues currently yielding in the region of 10 per cent added up to ½ point or so, on the view that the Hydro terms made their current prices appear cheap, analysts said.

The Hydro issue will be priced according to market conditions on December 5. Meanwhile, a $50m floating rate note issue for Sonatrach started trading at around 96¾ to 97¼, compared with the issue price at par.

Prices of Deutsche mark Eurobonds moved aimlessly. The new DM 100m 10-year Oesterreichische Kontrollbank bond, indicated at 6¼ per cent and par, was trading down.

The DM 150m bond for Occidental International Finance will carry a 6¾ per cent coupon instead of the envisaged 6½ per cent and has been priced at par, lead manager WestLB said.

The syndicate of major banks which manages bond issues for foreign borrowers on the Swiss capital market plans no further issues this year, according to primary market sources quoted in Zurich by Reuters.

Demand from borrowers to float Swiss loans has tailed off as the year-end approaches, although the flow of new issues is expected to resume in January.

Among the last issues should be a SwFr 100m bond for the Resettlement Fund of the Council of Europe.

Complications for Nigerian Eurocredit

BY FRANCIS GHILÈS

THE NIGERIAN Ministry of Finance has now asked a consortium of West German banks to pull out of a large Euro-currency credit to Nigeria, according to bankers in London and Frankfurt. The consortium, headed by Deutsche Bank and Commerzbank, had previously been persuaded by the Nigerian Government to incorporate its own loan of DM 750m ($395m) into a Euro-dollar loan of $750m.

There are currently three different tranches of credit being organised for Nigeria — the $750m Euro-credit, the DM 750m project financing package, and a further loan package of DM 1.25bn to be provided by German banks with the guarantee of the German export credit organisation Hermes. Both the latter tranches are earmarked for the Warri steel project.

It was only after long negotiations that the DM 750m project financing package was included in the Eurocredit to create a loan totalling $1.145bn. The Nigerian Ministry of Finance had wished to establish the principle that loans to finance projects in Nigeria should be made directly to the Nigerian government and should not be tied to specific projects. The German banks were inclined to arrange loans on a project-by-project basis, and thus support the export efforts of their German corporate clients.

There is still some confusion as to why the Nigerian Finance Ministry has now decided to give up this hard-won concession

Norway go-ahead for Volvo

BY WILLIAM DULLFORCE

STOCKHOLM, Nov. 29.

THE NORWEGIAN Government maintained today that it would be able to negotiate by December 8, final agreement for the purchase of 40 per cent of Volvo, the Swedish car and truck maker — despite the Swedish Government's refusal to change its tax laws to enable Volvo to pay 40 per cent of its taxes in Norway.

Swedish officials said that at the secret meeting here last weekend with Norwegian Premier Odvar Nordli, Prime Minister Ola Ullsten had laid out the Swedish position on all the outstanding problems. The ball was now in Oslo's court. The Norwegian Government knew that it could not count on tax concessions from Sweden to help it finance its SKr 750m ($175m) deal with Volvo.

Disclosure in Stockholm yesterday of the secret meeting and of the Swedish Government's uncompromising stand on the tax question appears to have been designed to step up pressure on Mr. Nordli, who has invested much political prestige in landing the Volvo purchase. The two Governments are still at odds over an agreement on Norwegian oil supplies to Sweden and Swedish timber deliveries to Norway.

The Swedes want guarantees of larger annual oil deliveries than the Norwegians are prepared to make and also want crude oil, which they can refine in their own underemployed refineries. The Norwegians prefer to deliver a higher percentage of refined products from their underemployed refinery.

The agreement for the delivery of Swedish timber to Norwegian pulp and paper mills is strongly opposed by the Swedish mills. Sweden does not have a surplus of timber.

A spokesman in the Norwegian Premier's office said today that Norway believed all the remaining problems could be cleared by the December 8 deadline set by the two prime ministers in October. The Norwegian government was surprised at the exaggerated reaction in the Swedish media to the disclosure that Sweden would make no tax concessions. It was clear that Norway would have to find another way of financing the purchase and it would do so.

The tax issue affects the ability of the Norwegian government to persuade private investors to take up half the share capital in the Volvo (Norway) holding company. The preliminary agreement which Mr Nordli negotiated with Volvo's managing director, Mr. Pehr Gyllenhammar, in May stipulated that half the share capital of this company should be in private hands. The Swedish Small Shareholders' Association, which controlled 29 per cent of the voting rights at the last Volvo general meeting, has insisted that this condition be kept.

Because of the difficulty of creating a market for the Volvo shares on the small Oslo Stock Exchange the Norwegian government has persuaded the three leading Norwegian banks to underwrite half the NKr 300m ($60m) share capital in Volvo (Norway) and half the NKr 300m issue of convertible bonds.

DEUTSCHE BANK DEAL

Nixdorf family retains control

BY GUY HAWTIN IN FRANKFURT

THE NIXDORF computer group today announced a deal with Deutsche Bank that gives it near DM 200m ($105m) without any real erosion of the family's control of the determinedly independent concern. The news effectively quashed rumours and speculation about the group's prospects following the disclosure last week that Volkswagen, the country's largest car manufacturer, had decided against taking a shareholding in the company.

Nixdorf, founded in 1952 by a 28-year-old computer engineer, has remained firmly in family hands since its inception. Herr Heinz Nixdorf, the concern's founder, today made it clear that no surrender of family control is yet contemplated.

Volkswagen apparently wanted a 51 per cent holding in the computer manufacturer and the most the family was prepared to offer was 40 per cent. It was on this point that talks broke down.

Asked at today's Press conference why negotiations were started when it was common knowledge that VW was only interested in majority holdings, Herr Nixdorf said that he was unaware that this had always been the car maker's policy.

Despite the fact that the Deutsche Bank deal has been wheeled out quickly after the breakdown in the talks with VW, the package was not cobbled together in a hurry. Both the bank and Herr Nixdorf said that it arose out of talks which had taken place over a period of eight years.

It is, perhaps, no accident that Nixdorf is based in Paderborn in North Rhine-Westphalia—the town from which Dr. Wilhelm Christians, joint chief executive of Deutsche Bank, hails. Bank and company have traditionally enjoyed a close relationship.

The deal with the Deutsche Bank, the Press conference was told, provided the group with roughly the same amount of cash as it would have derived from the VW deal. Dr. Herbert Zapp, of the Deutsche Bank executive board, said that the capital not being raised in response to a particular need, but this was considered a good time to increase the group's resources.

It is still not clear whether the public will have a chance to buy Nixdorf's shares. The family has until June 30, 1981 to decide whether or not to purchase the 700,000 newly created shares, which are split on a four-to-three ratio between ordinary shares and non-voting preference shares.

According to the computer group, the capital injection will give it a broader capital basis, enabling it to take full advantage of growth prospects both at home and abroad. Even so cash does not appear to be a major problem as cash flow has been growing rapidly.

Nixdorf today jubilantly reported that it is once again expecting two figure percentage sales growth. Turnover this year, said Herr Nixdorf, should exceed the DM 1bn ($518.6m) mark.

Orders during 1978 have been very lively, particularly in the last few months. The group has been clearly benefiting from German industry's greatly increased spending on rationalisation and automation.

The concern's order book during the first ten months rose by 15 per cent, against the same period of last year, to a record DM 890m. Demand has been at such a level that Nixdorf's workforce has been greatly increased —by 1,129 to 9,756, of which about two-thirds are West German based.

But although Nixdorf is obviously doing well, some observers here are asking if trading can remain favourable in the medium term. The big computer makers are increasingly moving into the mini-computer field, while microprocessors are having a profound effect on such products.

Furthermore, the Japanese and South Korean competition are showing an increasing interest in mini-computers and peripheral equipment.

Manufrance plans dismissals

BY DAVID CURRY

PARIS, Nov. 29.

FRENCH mail-order, retailing and manufacturing group Manufrance, is to cease all industrial activities and dismiss half its 2,600 workforce in a final, desperate attempt to avoid bankruptcy.

The company's unions, led by the Communist-dominated CGT, have called for a massive protest by the workforce and the people of Saint-Etienne this evening. The Mayor of Saint-Etienne, M. Joseph Sanguedolce, who is Communist, has described the emergency plan as a "stab in the back" for the company of which the city council is the largest shareholder controlling 30 per cent of the capital.

The immediate fear is that with virtual open war now declared between the city council and the CGT on the one hand, and the 37-year-old chairman of nine months standing M. Francois Gadot-Clet on the other, the workers may decide on an occupation of the factory, which holds significant stocks of hunting weapons and ammunition.

Manufrance has been on the verge of bankruptcy for more than 18 months. At the end of May 1977 the Lyon commercial tribunal suspended the company's liability to be sued by creditors, and a succession of chairmen have tried to bring order to the affairs of a concern which is one of the oldest commercial names in France.

Manufrance makes bicycles, hunting weapons and sewing machines. These activities, which are likely to lose FFr 42m this year, are to be shut down completely with the loss of almost 900 jobs.

The company also owns more than 90 shops, selling its own and other products. The plan calls for the worst loss-makers among these to be closed down. The sector as a whole is likely to lose FFr 45.3m this year. These closures will bring the total redundancies up to 1,300.

The company plans to maintain its mail-order activities, which it is rationalising so as to cut unprofitable items. It will also keep the only consistently profitable part of its operations, the sportsman's magazine "Le Chasseur Francais" which has a monthly sale second only to the main TV magazines and which is showing some FFr 15m profit.

As a whole, Manufrance's losses reached FFr 84m by the end of September and will amount to FFr 110m by the end of the year—roughly equivalent to last year's losses. As a measure of its problems, M. Gadot-Clet pointed out that the value of goods manufactured at the company in the first ten months of the year was FFr 37.8m in the shops—but that the cost of manufacture had been FFr 56.6m.

The resumption of cycle manufacturing is likely, since a new plant is planned and the company believes that its publicity campaign with the aid of Tour de France hero Raymond Poulidor, has revealed an expanding market.

But arms, where the company accounts for half the national output but only a quarter of national sales, and sewing machines, seem completely finished, unles sthe Government intervenes directly.

M. Gadot-Clet started off well enough by getting city and union support to reduce the workforce and by persuading creditors to hold their hand. He undertook a mammoth publicity campaign, centred on himself as the dynamic young boss, to give the concern a more youthful image.

But an essential part of his plan was to revise the structure of the company so as to create a holding company with the main operations wrapped up in subsidiaries covering manufactured items, mail-order publishing and retailing. It was vital to attract partners into these subsidiaries who would provide fresh capital and management, but up to now only the publishing house Hachette has shown an interest in "Le Chasseur Francais."

While the government has promised FFr 20m in support, it has only made available FFr 8m of the money.

Manufrance has to meet payments of FFr 80m to creditors at the end of next May. At the moment, its cash position has improved enough to permit it to meet redundancy payments even though losses are put at FFr 10m a month. M. Gadot-Clet, whose whole background until this year was in the foreign service and in the political apparatus of M. Edgar Faure, former minister and president of the national assembly, argues that only a draconian amputation of the company's uncompetitive activities can give hope for long-term survival.

He is in desperate trouble. Although the government will probably sustain his rescue plan, he only forced it through the board using his casting vote after a 3:3 tie. The city council can bring about his resignation at any moment, though it may hold its hand in the knowledge that formal bankruptcy proceedings would almost certainly follow M. Gadot-Clet's resignation. The unions, whose opposition prevented earlier chairmen from implementing heavy redundancies, seem unlikely to accept the new situation without provoking prolonged agitation, particularly as subcontractors in the town will declare substantial redundancies as a direct result of the Manufrance crisis.

Nestle forecasts setback

By John Wicks

ZURICH, Nov. 29.

BOTH TURNOVER and group profits of the Nestle concern will be lower this year than in 1977, according to an interim report from the parent company, Nestlé SA, of Vevey. It attributes this to the appreciation of the Swiss franc against almost all other currencies. Profits will also be reduced by raw material prices trends and the resultant reduction in stock values as of the end of the year.

For the first ten months of 1978, Nestlé group sales reached only SwFr 15.8bn compared with SwFr 17.1bn in January-October of last year, despite the inclusion for the first time of turnover of the U.S. pharmaceutical company Alcon and the French foods affiliate, Chambourcy. This 7.6 per cent decline is due, however, to the fact that some 90 per cent of business was in countries whose currencies fell sharply in value against the Swiss franc. Had exchange rates remained at October 1977 levels the turnover figure would have risen by as much as 17.5 per cent to SwFr 20.1bn.

Sales volumes rose in all sectors of production except for chocolate and cocoa drinks, where the effect was felt of the increase in the raw cocoa price. In the field of soluble coffee, where business had been difficult last year due to the dramatic rise in price and the subsequent price collapse of raw coffee, there was a substantial increase over the volume sold in the corresponding period of 1977.

* * *

THE Swiss Industrial Company of Neuhausen am Rheinfall, recorded an increased net profit of SwFr 473,920 for the financial period 1977-78 compared with SwFr 430,096. A manufacturer of arms and machinery, the undertaking is to recommend the payment of an unchanged gross dividend of SwFr 5 per participation certificate.

Nordic companies in U.S. reinsurance move

BY FAY GJESTER

OSLO, Nov. 29.

FIVE NORDIC insurance concerns have jointly formed a new company—Nordic Union Reinsurance, with a share capital of $6m—which will do business on the U.S. reinsurance market in co-operation with the well-established American company, Constitution Reinsurance.

Nordic Union has initially taken over a part of Constitution's portfolio valued at $5.8m annually, in premium income. In return for a management fee, Constitution Reinsurance will take care of Nordic's administration in the U.S. and channel part of its new business to the company.

According to Vesta, the Norwegian partner in the new company, the arrangement will enable Nordic Union to obtain reinsurance business which would otherwise have been very difficult to secure. By co-operating with Constitution Reinsurance, Nordic's partners save the substantial sums which they would have had to invest to set up a separate administration in the U.S. Nordic will, however, have its own board, on which all five partners will be represented, and will in this way be able to acquire increased know-how about the U.S. market.

The other four partners in Nordic Union are: Aterförsäkringsbolaget, Sweden (10 per cent), Nordisk Reinsurance, Denmark (25 per cent), and two Finnish companies, Industriförsäkring Mutual Insurance and Fennia Insurance (20 per cent each). Vesta has the remaining 25 per cent.

Saint-Gobain joint U.S. electronics venture

BY OUR OWN CORRESPONDENT

PARIS, Nov. 29.

FRANCE'S LARGEST publicly quoted company Saint-Gobain-pont-a-Mousson has negotiated a joint venture with National Semi-Conductor of the U.S. to manufacture integrated circuits in France. The agreement is likely to be signed around the turn of the year to set up a company in France owned 51 per cent by Saint-Gobain.

The agreement is the second within weeks between French and U.S. companies in the vital sector of the electronics industry.

Last month Thomson-CSF, France's main electronics concern, signed agreements with the American group Motorola to set up integrated circuits production in France to attack the world market for standard products, a deal with which the government's Atomic Energy Agency is associated.

The missile and engineering group Matra has also negotiated an integrated circuits deal with Harris of the U.S.

The Saint-Gobain-NSC venture will probably command around FFr 150m to FFr 200m in government assistance with total investment eventually rising to the FFr 500m mark (around $110m). It is envisaged that sales of the N-Mos and C-Mos integrated circuits could amount to around FFr 500m a year by the mid-1980s in present day francs.

Like the Motorola and Harris deals, Saint-Gobain's agreement is basically a licensing operation with the American constitution being mainly in the form of know-how. The French company is hopeful, however, that eventually NSC may market other products in Europe in co-operation with it.

The French government has allocated more than £70m over five years to develop French semi-conductor capacity recognising the need to seek U.S. technology.

Whereas Thomson-CSF was already a fully-fledged electronics concern the venture represents a big diversification for Saint-Gobain whose only very high technology interest at the moment is a small optical fibres operation but which has declared its intention to diversify into more advanced sectors.

Finance agreed for Sonatrach pipeline

By Rupert Cornwell

ROME, Nov. 29.

A CONSORTIUM of Italian banks and credit institutions today signed a $550m finance agreement with the Algerian state energy agency Sonatrach, which will cover the first stage of the pipeline project to carry Algerian natural gas to Italy, ultimately as far north as Bologna.

Tomorrow in Paris a group of French, Italian and U.S. banks is due to sign a separate but related credit for a further $210m, making a total of $760m.

The pipeline, which is scheduled to contribute gas to Italy's energy supplies for a period of 25 years, will when completed run from the Algerian gas fields, across Tunisia, under the Mediterranean to Sicily and across the Straits of Messina northwards up Italy.

The consortium for today's loan was headed by the medium term credit institute IMI, and included Icipu, Isveimer, Efibanca and the Banco di Sicilia and Banco di Napoli. The European Investment bank is expected to make financial assistance available for later sections of the deal.

Schering profits recover

BERLIN, Nov. 29.

SCHERING, the West German pharmaceuticals concern, expects satisfactory earnings in 1978 after a DM 59.6m ($31m) net profit in 1977, with the recent positive trend in its performance expected to continue.

However, it added in a shareholders letter that an improvement in operating profits achieved in the second and third quarters has not fully balanced out the deterioration recorded is the first quarter.

No quarterly profit figures were given, but Schering reported that group sales in the first nine months of this year totalled DM 1.65bn against DM 1.6bn in the same period of 1977.

Parent company sales totalled DM 1.02bn against DM 981m, including domestic sales of DM 406m against DM 361m and foreign sales of DM 609m against DM 620m.

Foreign sales figures have been adversely affected by currency developments, it said. On the other hand, prices of raw materials used by Schering were an average 3 per cent down from a year ago.

Reuter

Nordfinanz-Bank deal set

BY OUR EUROMARKETS STAFF

THE LONDON-BASED consortium bank, Nordic Bank Limited, announced plans to acquire an additional 54 per cent of the share capital of Nordfinanz-Bank Zurich.

As a result Nordic will own 60 per cent of Nordfinanz-Bank, and the combined group will command total capital funds of about £90m and total assets of about £1bn.

This will create one of the major international consortium banking groups, according to Nordic officials. Both banks will continue to operate independently for the time being.

Nordic's shareholders are Copenhagen Handelsbank, Den norske Creditbank, Kansallis-Osake-Pankki and Svenska Handelsbank.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	28.11.78	21.11.78	AVERAGE YIELD	28.11.78	21.11.78
DM Bonds	104.53	104.75	DM Bonds	6.444	6.416
HFL Bonds & Notes	99.62	99.95	HFL Bonds & Notes	8.422	8.374
U.S. $ Strt. Bonds	96.43	96.71	U.S. $ Strt. Bonds	9.398	9.381
Can.-Dollar Bonds	95.37	95.59	Can.-Dollar Bonds	10.309	10.257

Ampol Petroleum boosted by exploration subsidiary

BY OUR OWN CORRESPONDENT SYDNEY, Nov. 29.

INCREASED PRICES for locally-produced oil enabled Ampol Petroleum to post record earnings in the year to September 30, despite widespread industrial unrest in the second-half and continued heavy discounting of motor spirit.

Net profit rose 17.9 per cent from A$8.45m to A$9.96m (US$113.5m). If the equity profits of associated companies is included, the group result rose from A$10m to A$12.07m. In addition, there were extraordinary profits of A$917,000 for Ampol and A$1.53m as the equity share in extraordinary profits of associated companies.

The major factor in the improvement was a lift in profit from A$3.5m to A$6.9m by the 65.2 per cent owned Ampol Exploration which operates the Barrow Island oilfields in Western Australia.

Control of costs was cited by the directors as another factor behind the increased earnings.

The result was achieved on a 15.6 per cent increase in total revenue to A$393m (U.S.$448m), giving a return of 3.1 per cent on turnover. The earnings per share, before including equity profits was 6.7 cents a share on capital increased during the year by a one-for-four rights issue. In the previous year, the earnings per share were 7.1 cents. The dividend is held steady at 6 cents a share.

Between September and November there was considerable industrial unrest in the industry, particularly in New South Wales where strikes by refinery workers depleted stocks of motor spirits.

The directors expect that it will take months for the situation to return to normal. There was also a nationwide strike of drivers and aircraft refuellers. The managing director of Ampol, Mr A. E. Harris said that the unrest was not as great as in the previous year but that the board was very disturbed at the recent disputes.

He suggested that the oil industry needed a new approach to industrial relations, including clarification of jurisdictions, to avoid serious problems to the community and the nation. Unrest in the industry contributed to a fall in the growth of the motor spirits markets, which rose 2.9 per cent in the first half and only 0.5 per cent in the final six months. For the full year the spirit market rose 3.1 per cent, compared with 6.7 per cent in the previous year.

Reflecting the industrial problems, the group's earnings dipped 10 per cent in the second half, to A$5.35m, compared with an 85.6 per cent increase to A$4.6m in the first six months. Volume sales of motor spirit fell slightly for the year, Mr Harris said that discounting of motor spirit, which has been widespread for years, had a heavier impact in the latest year than had previously been encountered.

Pioneer Electronic earnings recovery

By Yoko Shibata

TOKYO, Nov. 29.

PIONEER ELECTRONIC is well on the way to an earnings recovery which was shown in the latest financial year, to September, helped by the company's counter-measures against appreciation of the yen.

On a non-consolidated basis, current profits went up by 4.1 per cent to Y18.5bn, despite a setback in net profits of Y10.2bn ($51.8m)—a decline of 1.7 per cent. Sales were Y167.3bn, up 1.7 per cent over the previous fiscal year. Per share profits were Y118.8, compared with Y121.7 in fiscal 1977.

Exports, which improved by 7 per cent, accounted for 56 per cent of the total sales, as a result of strong demand for car stereos in the U.S. markets. Stereo sales in domestic market were sluggish and were affected by brisk sales of airconditioners and refrigerators against the background of the hot summer weather.

Pioneer's dollar based exports accounted for 60 per cent of the total turnover. An exchange loss of Y12bn-Y13bn was suffered, with the sharp appreciation of the yen. The company recovered Y9bn by cost-cutting measures and price rises. The basic exchange losses were between Y20bn and Y30bn.

For the current fiscal year, Pioneer expects current profits of Y20bn, and net profits of Y11bn. Sales, it is believed, will be up 7.5 per cent on the 1978 figure, at Y180bn.

Pioneer's consolidated net profits covering 26 subsidiaries were Y13.1bn, to show a fall of 9.2 per cent, on sales of Y207.9bn, up 8.6 per cent.

Net profits per American depository share, which represents two shares of common stock, were Y313, against Y349.

ARAB SHIPPING

Gulf push for liner trade

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

PAN-ARAB shipping ambitions, which have taken a jolt in the last two years because of increasingly heavy losses on oil tanker operations, were given a boost on Tuesday with the publication of the first set of accounts from the United Arab Shipping Company.

United Arab, formed from the nucleus of the state-owned Kuwait Shipping Company in 1976, reported net profits of KD 9.1m ($33.7m) for its first 18-month trading period to December last year.

This is not a spectacularly good result for a company capitalised at KD 180m (some U.S. $650m) which has relatively little interest bearing debt—KD 5.8m interest was paid in the period under review. Under the terms of its Articles of Association profits of the amount achieved are too low to permit payment of a dividend to shareholders.

Dividends, however, are not, at least at this stage in the company's history the first consideration of the shareholders, the Governments of Kuwait, United Arab Emirates, Saudi Arabia, Bahrain, Qatar and Iraq.

The reason these states formed UASC was much more a reflection of their desire to construct a solid base in the field of non-hydrocarbons shipping as part of the downstream industrialisation favoured by the Organisation of Arab Petroleum Exporting Countries.

Oil tanker transport is catered for by the nine-state Arab Maritime Petroleum Transport Company, also Kuwait-based, which last year showed an operating loss of KD 6.3m, a position which has been retrieved somewhat this year as a result of the recent flurry in spot tanker freight markets.

With 58, mostly very modern ships and four container vessels under construction in Korea, United Arab has crossed the 1m ton threshold and emerged as a significant force in Middle East liner trades. In so doing, it has also demonstrated a competence which could one day make it a significant cross trader.

Its history is curiously bound up with that of its present general manager, the tough-minded and autocratic Englishman Mr. Donald Tod. Mr. Tod, a seaman before being crippled by polio and a former executive with the British Elder Dempster Line, was also the first general manager of Kuwait Shipping, which he ran from an office in Liverpool.

The company's prime objective is to win for the participating Gulf states a 40 per cent share of their countries' seaborne liner trade, that is all trade except oil, gas and dry bulk commodities. This is in accordance with the OAPEC support for the United Nations liner shipping code, which proposes a 40:40:20 shareout between importer, exporter and cross-trader.

Mr. Tod claims that the 40 per cent share for UASC has already been conceded and achieved within the Middle East shipping conferences the company belongs to. That, of course, is very different from having 40 per cent of the whole trade, because confidence in the area is notoriously weakened by the large number of outsider lines.

Total liner cargo into the Gulf has been estimated by consultants H. P. Drewry at around 20m tonnes a year and, even excluding Iran from this figure, that would give United Arab well under a 20 per cent share. In some countries, though, notably Kuwait, UASC almost certainly has a share in excess of 40 per cent.

As for the commercial return, strongly supported by the participating countries, the first net profit has been struck after fleet depreciation of KD 9.1m and contributions of over KD 2.5m from subsidiaries. The fleet is valued in the book at KD 169m.

The company has, however, exceeded its available funds by KD 3.5m and this liquidity problem has forced it into the European banking market in search of an 8-year loan of $100m. Half this sum will go to finance the Korean ships—snapped up at the remarkable bargain price of $12m each—and half to help the cash flow.

Mohammed Saeed Al-Mulla, UASC chairman, called on Arabian Gulf countries to back their company in the same way that other nations support their maritime industries, Leslie Anne Mitchell writes from Kuwait. He said some governments provide letters of credit deferring repayment of loans, require that a certain percentage of goods be carried on national lines, and require that material for government projects be carried on national lines. UASC will earn KD 3.5m for 1978, leaving a deficit of KD 48m. The directors have approved a proposal to cover a portion of this through a medium-term loan of KD 28m, and they are studying means of covering the remaining KD 20m.

Clearly the company's directors could, rather than borrowing, have simply chosen to pump in a further tranche of the KD 500m capital authorised under the Articles of Association. Part of the attraction of a loan is that it allows the company's books to reflect the cost of its money.

UASC's cash position is certainly much worse than its founders could reasonably have expected. This is because of the downturn in trading conditions in Middle East liner trades in the past 18 months.

The main cause of this downturn was the freeing of the Gulf ports from their chronic congestion, which UASC estimates to have effectively released an extra 20 per cent shipping capacity at a time when Gulf state economies were overheating and trade growth slowing down.

Since the ports were unjammed early last year, shipping rates have tumbled and although there have been a handful of rationalisations and departures from the trade, rates have not recovered noticeably for general break-bulk cargo and for containers, a firmer trend in mid-year having not been sustained.

Mr. Tod says that the lines, UASC included, need a 20 to 30 per cent improvement in returns to make the business viable and he is hopeful that the shell-shocked conferences can be galvanised into achieving this gain.

If the conferences succeed, it will be good news for a number of Europe's biggest shipping lines, including Nedlloyd of Holland, and P and O of the UK, with whom UASC has a joint container company.

In this climate, UASC has no immediate plans to continue its dramatic recent expansion, having only just taken delivery of the last of 39 K-class 23,000 dwt multi-purpose cargo liners from Scotland and Korea.

Mr Tod says that he wants to test out the new container ships to see whether they prove to be ideal size and to see a little more clearly how the break between general cargo, container and roll-on roll-off shipping in the Gulf turns out. UASC is dependent upon Gulf destinations for 95 per cent of its business, serving Europe, the Far East and the U.S. in what is almost entirely a one-way trade.

Yesterday's report did, however, point to two other possible developments: buying bulk carriers for grain shipments to the Gulf and investing in specialist vessels, such as car carriers or heavy lift ships.

These ideas are still at the research stage, but the first would, if implemented, presumably have to involve UASC in a general tramp shipping operation as it could hardly operate shipping economically purely on the erratic patterns of grain movements to the Gulf.

With or without these ventures, though, there can be no doubt in the minds of the European, Japanese and American shipping companies which have dominated these routes that UASC is emerging alongside other ambitious developing country national lines, as a formidable challenge to the industry's traditional balance of power.

Alcoa Australia smelter plans

BY JAMES FORTH SYDNEY, Nov. 29.

ALCOA of Australia, the major integrated aluminium group, plans to spend A$85m (U.S.$96.6m) to expand its aluminium smelter at Pt. Henry in Victoria. Alcoa will add a third potline to the smelter which will lift capacity more than 50 per cent from 104,000 tonnes of aluminium metal a year to 161,000 tonnes.

Most of the additional tonnage will be shipped to overseas markets, mainly Japan and South East Asia. At present Alcoa exports about 35 per cent of its production but this is expected to rise to around 50 per cent when the expansion is completed.

The expansion will make Pt. Henry the largest of the existing three smelters. At present Alcoa's major rival, Comalco is slightly in the lead with its 112,000 tonnes a year plant at Bell Bay in Australia.

Alcan Australia has a much smaller smelter near Newcastle in New South Wales, which is in the midst of expanding capacity from 50,000 tonnes a year to 75,000 tonnes. Comalco heads a consortium which is planning a A$500m smelter at Gladstone Queensland with an output of 183,500 tonnes a year.

The Gove consortium, which operates a bauxite-aluminium project in The Northern Territory, is considering building a smelter of at least 85,000 tonnes a year and possibly more than 150,000 tonnes, while Alumax—owned by Amax of the U.S. and Mitsui of Japan—is studying proposals for a 200,000 tonnes a year smelter in NSW. Alumax at present is not established in Australia.

Improved results in Japan

BY RICHARD C. HANSON TOKYO, Nov. 29.

JAPANESE COMPANIES are continuing to show an overall increase in profits despite the deflationary impact of slower exports, general economic uncertainty and a worsening of conditions in structurally weak sectors, such as shipbuilding, according to a survey of September half-year earnings by the economic newspaper, Nihon Keizai Shimbun.

A compilation of earnings from 820 companies listed on the three major Japanese stock exchanges (excluding financial institutions) shows net profit in the September half as up an average of 0.3 per cent from the prior quarter, when they gained 11.7 per cent. The projection for the current half, ending March, is for a third successive half-year's gain, of 9.5 per cent.

Pre-tax operating profit in the September half was up 6.6 per cent over the prior half, but is expected to gain only 1.4 per cent in the March half-year, as electric power companies have agreed to make a return to consumers out of their heavy exchange profits, through some price reductions. Excluding the electric power sector, operating profits would be up 6.7 per cent by March.

Underlining the difficulties being faced by companies, the Ministry of International Trade and Industry (MITI), in a separate report today, said that sagging exports of key products as a result of the sharp rise in the yen in the foreign exchanges drove industrial production in October down and adjusted 0.3 per cent from September—the second decline in four months, following a 0.9 per cent decrease in July.

The industrial output report is preliminary, but indicates that export performance is worse than previously expected. A MITI survey of company output plans earlier had projected a 2.3 per cent gain for October. Shipments also fell, by 1.5 per cent, the first monthly drop since July, while inventories showed an increase of 0.6 per cent—the first monthly expansion in six months.

Meanwhile, the Bank of Japan reports that wholesale prices at mid-November had moved higher for the second ten-day period in a row, by 0.1 per cent, as a decline in the yen's value boosted prices for crude oil and other imports. The price index stood at 102.7 (based on 100 in 1975), down 3.2 per cent from a year ago.

The Nihon Keizai earnings survey revealed that sales in the September half-year fell 3.1 per cent from the March half-year, in which they rose 2 per cent. Sales are expected to be up 5.4 per cent this half-year.

Much of the increase in profits is the result of factors unrelated directly to operating performance, such as exchange gains from cheaper imports, sales of securities and rationalising of operations. The steel sector, for example, had a 22.7 per cent increase in pre-tax operating (or current) profits, but this resulted in part from the low levels of profitability in the prior half-year, when many steel companies were forced to sell large amounts of securities in order to show a gain.

This has led to the curious situation of many companies showing declining revenues while operating profit register gains. Of the 820 companies surveyed, 42.6 per cent showed both sales and operating profit increases. But 16.3 per cent reported that revenues were down and profits up. Of the remaining companies, 29.9 per cent had both sales and profit declines, and 10.6 per cent had a profit dip despite an increase in revenues.

Japanese hold more foreign securities

TOKYO, Nov. 29.

ACQUISITIONS of foreign securities by Japanese investors during the first-half of the 1978-79 fiscal year totalled $3.79bn, a sharp increase on the $670m acquired in the same period of the previous year, the Finance Ministry announced. The total also exceeds the past yearly record of $2.24bn in 1973-74.

The sharp rise was caused by growing interest differentials between Japan and the U.S., availability of surplus funds for Japanese corporations and institutional investors, and the belief that the Yen's appreciation had reached its peak, the Ministry said.

The bulk of the investments was in three-month to six-month U.S. Treasury bills, and long-term U.S. Government and corporate bonds while interest in U.S. stocks was low because of a boom in the Japanese stocks market. Securities sources said the investors included industrial and business corporations and trading houes as well as life and non-life insurance companies, smaller financial institutions, and other institutional investors.

They pointed out that the secondary market yield of three-month U.S. Treasury bills is about 8 per cent compared with a three month deposit rate of 2.5 per cent at Japanese banks while long-term dollar bonds in the U.S. yield about 9 per cent compared with slightly above 6 per cent for national bonds in Japan.

The recent recovery of the U.S. dollar after the announcement of President Carter's defence package had further increased Japanese investor interest in U.S. bonds.

Reuter

Hong Kong and China Gas

By Ron Richardson

HONG KONG, Nov. 29.

HONG KONG AND CHINA GAS COMPANY, the sole supplier of town gas in the colony, will pay an unchanged third interim dividend of 19 HK cents for its current year, to December 31. The payment will bring the total so far this year to 57 cents, as previously.

Last year the company followed up with a final payment of 27 cents, after net attributable profit rose about 21 per cent to HK$19.2m (U.S.$4m).

In the first half of the current year earnings after tax are estimated to have been up a little more than 9 per cent.

Woolworths to accept NZ bid

BY DAI HAYWARD WELLINGTON, Nov. 29.

WOOLWORTHS, of Australia, the parent company of Woolworths (NZ), intends to accept the recent takeover offer from the New Zealand grocery and wholesale group, L. D. Nathan. Woolworths will retain its shares in the Nathan group, acquired as part of the take-over deal.

The take-over, which still has to be approved by the New Zealand Commerce Commission, should increase Nathan's profitability, giving Woolworths a sound investment, says the Woolworths' chairman, Sir Theo Kelly.

The profit after-tax of Woolworths (NZ) this year rose 59 per cent to NZ$1.2m (US$1.3m). Although sales were sluggish early in the year, they recovered strongly in the second six months.

Profits rise at Wearne Brothers

BY H. F. LEE SINGAPORE, Nov. 29.

WEARNE BROTHERS, a leading motor trader in Singapore and in Malaysia, has reported a 15 per cent improvement in profit for the year to September. Post-tax profit was S$17.1m (U.S.$7.7m), against S$14.85m in the previous year.

Turnover rose by 19 per cent to S$350.7m (U.S.$159m). However, Wearne said, profit margins were under pressure, so that the group's profits did not rise in line with increased sales and unit volume.

Wearne has declared a second interim dividend (in lieu of a final dividend) of 12 per cent. The total distribution for the year is to amount to 17 per cent, compared with the equivalent of 14.67 per cent for the previous year after adjusting for a bonus issue in January.

Rand Mines Properties sees gain

JOHANNESBURG, Nov. 29.

AN EXPECTED minor improvement in the property and timber markets in 1979 could lead to a small increase in taxed profits of Rand Mines Properties the company's chairman, Mr. J. B. Marce said in the annual report.

Profitability in 1979, he said, would be affected by a higher tax change because many of the tax shields of subsidiary companies were substantially utilised by the end of September this year.

In the year to September 30 pre-tax profit was R4.11m ($4.7m), while earnings per share totalled 29.9 cents and the dividend distribution was 15 cents.

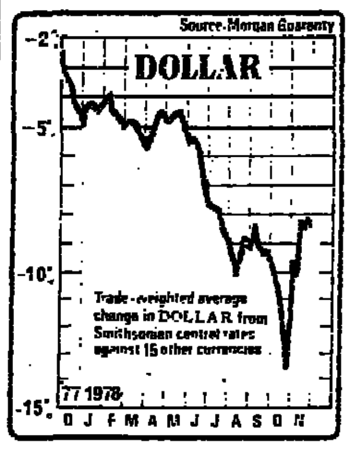
Reuter

Currency, Money and Gold Markets

$ falls after trade figures

Trading in yesterday's foreign exchange market fell basically into two parts, before and after the announcement of the U.S. trade figures for October. Early trading saw the dollar drift slightly easier in very subdued conditions. The $2.13bn trade deficit was a little worse than expected. Most projections had been pitched between $1bn and $2bn after September's deficit of $1.69bn. After the announcement, the dollar declined, but finished slightly above its worst levels.

In terms of the D-mark it fell to DM 1.9190 at one point before recovering at the close to DM 1.9210, still down on Tuesday's close of DM 1.9275. Similarly the Swiss franc touched SwFr 1.7170 before easing to SwFr 1.7205, again well up on the previous close of SwFr 1.7390.



Source-Morgan Guaranty. DOLLAR. Trade-weighted average change in DOLLAR from Smithsonian central rates against 15 other currencies

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 8.4 per cent from 8.2 per cent on Tuesday. On Bank of England figures, its index fell from 85.1 to 84.9.

Sterling opened at $1.9450-1.9460 and briefly touched $1.9440 before settling at $1.9475 around lunchtime. With the trade figures affecting the dollar, sterling improved soon after the announcement to $1.9550, but with the dollar coming back slightly at the close, the pound finished at $1.9510-1.9520, a rise of 25 points from the previous close. Against other major currencies, sterling showed a slight improvement on balance and its trade weighted index on Bank of England figures improved to 62.7 against 62.6, having stood at 62.8 at noon and 62.7 in the morning.

FRANKFURT—In very subdued trading, the dollar was fixed at DM 1.9284 compared with Tuesday's level of DM 1.9292, and there was no intervention at this time by the Bundesbank. For the whole of the morning, the dollar traded within a very narrow range ahead of the U.S. trade figures. Trading remained orderly after the announcement of a $2.13bn trade deficit, although the dollar was weaker against most currencies. Against the D-mark it fell to DM1.9280, although it was generally believed that official intervention had prevented a further fall.

PARIS—The larger-than-expected October U.S. trade deficit pushed the dollar down against most currencies despite central bank intervention. Towards the close the dollar was quoted at Fr 4.4032½ against Fr 4.4225 in the morning and Fr 4.4175 on Tuesday.

ZURICH—After a steady start, the dollar eased slightly in late morning trading, although dealers pointed out that there was hardly any real business at all. The dollar was quoted at SwFr 1.7365, down from SwFr 1.7400 soon after the opening and SwFr 1.7385 on Tuesday.

AMSTERDAM—The dollar was fixed at Fl2.0910 yesterday, slightly down from Tuesday's fixing of Fl2.0960. In later trading, the U.S. currency was quoted at Fl2.0820.

MILAN—The dollar was fixed at L851.0 at yesterday's fixing, which showed a slight loss from Tuesday's fixing level of L851.70.

TOKYO—The U.S. dollar firmed to Y197.65 against the yen in quiet trading ahead of the U.S. trade figures for October. After opening at Y197.0, it showed very little movement, although activity picked up slightly during the afternoon, with Japanese and foreign banks being buyers of dollars.

The U.S. unit closed at its best level for the day, and slightly above Tuesday's close of Y195.275. There was a general feeling in the market that a deficit for October of more than $2bn would create further pressure on the dollar, although there was some feeling of confidence that the authorities would not let it slide too far and would intervene in the market. Trading in the spot market totalled $391m, with $89m for forward transactions, and $658m for swap dealings.

THE POUND SPOT / FORWARD AGAINST £

Nov. 29	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9400-1.9560	1.9510-1.9520	0.45-0.35c pm	2.46	1.05-0.95c pm	2.05
Canadian $	10¼	2.2840-2.2916	2.2875-2.2915	0.70-0.60c pm	3.41	1.78-1.60c pm	3.06
Guilder	8½	4.06½-4.09½	4.06-4.07	1½-½c pm	2.95	4⅛-3⅛ c pm	3.55
Belgian F	6	58.80-59.25	59.05-59.15	20-10 c pm	3.06	55-45 c pm	3.21
Danish K	8	10.38½-10.41½	10.39½-10.40½	1¼-3¼ ore dis	−2.52	4½-5½ ore dis	−2.11
D-Mark	3	3.74-3.77	3.74½-3.75½	3¼-2¼ pf pm	9.60	9⅛-8⅛ pf pm	9.60
Port. Esc.	18	90.90-91.90	91.40-91.60	60-110c dis	−10.48	140-280 c dis	−9.39
Span. Pes.	8	138.65-139.35	138.25-138.75	50c pm-60 c dis	−5.85	140-240 c dis	−5.45
Lira	10½	1,656-1,660	1,656-1,657	4-7 lire dis	−3.98	14-17 lire dis	−3.74
Nrwgn. K.	7	9.97-10.01	9.98-9.99	½ore pm-½ore dis	0.12	2½-½ ore pm	0.70
French Fr.	9½	8.58-8.62	8.58½-8.59½	4½-3½c pm	5.24	9½-8½ c pm	4.29
Swedish Kr.	6½	8.61½-8.66½	8.63½-8.64½	4½-2½ ore pm	4.86	11-8 ore pm	4.65
Yen	3½	380-388	383½-385½	4.50-4.20y pm	13.65	12.25-11.75y pm	12.39
Austria Sch.	4½	27.35-27.50	27.45-27.48	18-8gro pm	5.65	55-45 gro pm	6.95
Swiss Fr.	1	3.35-3.39½	3.36½-3.38½	4⅛-3⅛c pm	12.84	11¼-10¼ c pm	12.80

Belgian rate is for convertible francs. Financial franc 60.50-60.60.

Six-month forward dollar 1.85-1.95c pm; 12-month 3.73-3.83c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

November 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	85.13-85.22	85.19-85.22	0.03-0.06c pm	0.59	0.14-0.17c pm	0.72
Guilder	2.0795-2.0915	2.0795-2.0815	0.14-0.06c pm	0.53	0.95-0.85c pm	1.72
Belgian Fr	30.30-30.37	30.30-30.33	3-1c pm	0.91	10-8c pm	1.07
Danish Kr	5.3275-5.3460	5.3275-5.3300	2.0-2.50ore dis	−5.06	5.25-5.75ore dis	−4.04
D-Mark	1.9280-1.9290	1.9200-1.9215	1.23-1.17pf pm	4.73	2.63-2.57pf pm	5.42
Port. Esc	46.90-47.10	46.90-47.05	35-100c dis	−23.45	130-300c dis	−26.21
Span. Pta	71.50-71.55	71.50-71.55	50-95c dis	−11.83	180-210c dis	−10.91
Lira	849.50-851.60	849.90-850.30	3.70-4.20lire dis	−5.58	10.25-11.25	−5.06
Nrwgn. Kr	5.1220-5.1350	5.1220-5.1240	0.95-1.30ore dis	−2.29	1.60-2.00ore dis	−1.40
French Fr	4.4025-4.4225	4.4025-4.4075	1.20-0.95c pm	2.93	2.75-2.50	2.49
Swedish Kr	4.4320-4.4460	4.4320-4.4340	1.20-1.00ore pm	2.51	3.25-3.05ore pm	2.85
Yen	196.45-197.70	196.70-196.90	1.95-1.80y pm	10.87	5.20-5.05y pm	10.57
Austria Sch	14.00-14.12	14.08-14.09	5.50-4.50gro pm	4.26	16.0-13.5gro pm	4.19
Swiss Fr	1.7190-1.7383	1.7190-1.7210	1.65-1.60c pm	10.58	4.72-4.67c pm	10.80

* U.S. cents per Canadian $.

CURRENCY RATES

November 28	Special Drawing Rights	European Unit of Account
Sterling	0.654904	0.672155
U.S. dollar	1.26998	1.30459
Canadian dollar	1.49186	1.53299
Austrian schilling	17.6344	18.5385
Belgian franc	38.6885	39.7349
Danish krone	6.79386	6.98529
Deutsche Mark	2.44985	2.52094
Guilder	2.66167	2.73517
French franc	5.62976	5.78819
Lira	—	1111.99
Yen	250.039	256.851
Norwegian krone	6.51958	6.70349
Peseta	90.8929	93.2526
Swedish krona	5.61795	5.78552
Swiss franc	2.21986	2.27122

CURRENCY MOVEMENTS

November 29	Bank of England Index	Morgan Guaranty changes %
Sterling	62.68	−41.2
U.S. dollar	84.89	−8.4
Canadian dollar	80.35	−17.2
Austrian schilling	144.03	+18.5
Belgian franc	113.50	+14.7
Danish krone	116.81	+ 5.9
Deutsche Mark	142.41	+40.4
Swiss franc	192.98	+80.9
Guilder	125.05	+19.7
French franc	97.89	− 6.6
Lira	54.98	−48.6
Yen	148.46	+46.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Nov. 29	£	$		£ Note Rates
Argentina Peso	1,856-1,859	950.55-952.60	Austria	27-28
Australia Dollar	1.7132-1.7182	0.8797-0.8810	Belgium	60-61½
Finland Markka	7.92-7.936	4.0605-4.0625	Denmark	10.30-10.50
Brazil Cruzeiro	38.50-39.50	19.73-20.24	France	8.55-8.65
Greek Drachma	71.233-72.972	36.50-37.40	Germany	3.70-3.80
Hong Kong Dollar	9.3750-9.3900	4.8135-4.8185	Italy	1630-1700
Iran Rial	142.37-146.37	73-75	Japan	380-390
Kuwait Dinar(KD)	0.529-0.559	0.2747-0.2749	Netherlands	4.00-4.10
Luxembourg Franc	58.80-58.90	30.27-30.29	Norway	9.90-10.05
Malaysia Dollar	4.3075-4.3200	2.2100-2.2150	Portugal	90-100
New Zealand Dollar	1.8587-1.8657	0.9542-0.9574	Spain	139½-143½
Saudi Arabia Riyal	6.49-6.59	3.3500-3.3550	Switzerland	3.34-3.44
Singapore Dollar	4.2880-4.3000	2.2040-2.2050	United States	1.9425-1.9525
South African Rand	1.67838-1.70423	0.8600-0.8753	Yugoslavia	41-43

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 29	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.952	3.750	384.5	8.588	3.358	4.065	1657	2.288	59.10
U.S. Dollar	0.512	1.	1.922	197.0	4.400	1.720	2.083	848.8	1.172	30.28
Deutsche mark	0.267	0.520	1.	102.5	2.290	0.895	1.084	441.7	0.610	15.76
Japanese Yen 1,000	2.601	5.075	9.753	1000.	22.33	8.732	10.57	4308	5.951	153.7
French Franc 10	1.164	2.272	4.367	447.7	10.	3.910	4.734	1929	2.664	68.82
Swiss Franc	0.298	0.581	1.117	114.5	2.558	1.	1.211	493.4	0.681	17.60
Dutch Guilder	0.246	0.480	0.923	94.59	2.113	0.826	1.	407.5	0.563	14.54
Italian Lira 1,000	0.604	1.178	2.264	232.1	5.184	2.027	2.454	1000.	1.381	35.68
Canadian Dollar	0.437	0.853	1.639	168.1	3.755	1.467	1.777	724.0	1.	25.83
Belgian Franc 100	1.692	3.302	6.345	650.6	14.53	5.681	6.878	2803	3.871	100.

EURO-CURRENCY INTEREST RATES

Nov. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	12-12¼	9¾-10	8½-9½	8¼-8½	par-⅛	3⅜-3½	8-10	29-33	—	[illegible]
7 day's notice	12⅛-12⅜	9⅞-10⅛	8½-9½	8¼-8½	par-⅛	3⅜-3½	7¼-7½	16-20	9⅞-10	[illegible]
Month	12⅞-13¼	10½-10⅝	9¾-10⅛	9¾-10	[illegible]	3⅝-3⅞	7⅞-8⅛	15-16	10⅜-10⅝	[illegible]
Three months	13½-13⅞	11½-11¾	10 1/16-10 3/16	9¾-10	[illegible]	[illegible]	9⅜-9⅝	15½-16½	11½-11⅝	[illegible]
Six months	14 1/16-14 7/16	11⅞-12⅛	10⅝-11	9¼-9½	[illegible]	[illegible]	9½-9¾	16-17	12-12⅛	[illegible]
One year	13⅞-14¼	11⅝-11⅞	10⅜-10⅝	8⅝-8⅞	[illegible]	4⅛-4¼	10¼-10½	16½-17½	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 11.15-25 per cent; three months 11.50-60 per cent; six months 11.85-11.95 per cent; one year 11.60-11.70 per cent.

Long-term Eurodollar deposits: Two years 10½-11 per cent; three years 9 15/16-10 per cent; four years 10¼-10½ per cent; five years 10½-10¾ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates firm

European interest rates were generally firmer yesterday, although some fixed period rates were slightly easier in Paris. The currency reserves of the Belgian National Bank, and the Netherlands Bank declined during the week ended November 27, in common with the latest figures issued by the German Bundesbank. In previous weeks the currency reserves of all three central banks have tended to rise, reflecting intervention to prevent the D-mark from rising too sharply within the European currency snake, and against the very weak dollar.

Belgium made a further repayment of its debt to the European Monetary Corporation Fund out of its foreign exchange reserves, rather than through purchases in the market. The total debt is now down to BFr 27.045bn from BFr 28.141bn last week, and from a total of BFr 42.648bn. The money was used to defend the franc within the snake earlier last month.

BRUSSELS—Interest rates were firmer, with one-month rising to 9⅞-10⅛ per cent from 9⅝-9⅞ per cent; three-month to 9½-9¾ per cent from 9⅜-9⅝ per cent; six-month to 9¼-9½ per cent from 8⅞-9⅛ per cent; and 12-month to 9-9¼ per cent from 8¾-9 per cent.

FRANKFURT—Call money was unchanged at 3.50-3.55 per cent; while one-month rose to 3.50-3.60 per cent from 3.30-3.50 per cent. Three-month increased to 3.95-4.00 per cent from 3.75-3.95 per cent; and six-month to 4.00-4.10 per cent from 3.80-4.00 per cent, but 12-month funds eased to 4.15-4.25 per cent from 4.20-4.30 per cent.

AMSTERDAM—Call money was quoted at 8¾-9 p.c., compared with 8¾-9 p.c. previously. One-month rose to 10-10¼ p.c. from 9¾-10 p.c.; three-month to 10¼-10½ p.c. from 9¾-10 p.c.; and six-month to 9½-9¾ p.c. from 9¼-9½ p.c.

PARIS—Day-to-day money was unchanged at 6¾ p.c. One-month funds firmed to 6 11/16-6 13/16 p.c. from 6⅝-6¾ p.c.; while three-month eased to 6⅞-6⅞ p.c. from 6 15/16-6⅞ p.c. Six-month money was unchanged at 7 1/16-7 3/16 p.c.; and 12-month fell to 7⅝-7⅞ p.c. from 7 11/16-7 15/16 p.c.

NEW YORK—The Federal Reserve intervened again to add reserves to the monetary system by way of overnight repurchase orders, with Federal funds trading at 10 p.c.

MILAN—Call money was unchanged at 10½-10¾ p.c.; one-month at 10¾-11 p.c.; and three-month at 11¼-11¾ p.c. Two-month funds were quoted at 11-11½ p.c., compared with 11-11½ p.c. previously.

GOLD

Late rise

Gold improved after the U.S. trade figures were announced, and closed $1½ an ounce higher at $196-197. The slightly worse than expected figures pushed down the dollar and gold subsequently improved. The metal opened at $194¼-195¼ and was fixed during the morning at $193.65 before rising to $195.60 at the afternoon fixing, and firming still further towards the close.

In Paris the 12½ kilo bar was fixed at Fr 27,900 per kilo ($196.19 per ounce) compared with Fr 28,000 ($197.05) in the morning and Fr 28,400 ($199.65) on Tuesday.

In Frankfurt the 12½ kilo bar was fixed at DM 12,045 per kilo ($194.27 per ounce) compared with DM 12,265 ($197.50) previously.

	Nov. 29	Nov. 28
Gold Bullion (a fine ounce)		
Close	$196-197	$195-195½
Opening	$194¼-195¼	$197½-198½
Morning fixing	$193.65	$197.20
	(£99.374)	(£101.540)
Afternoon fixing	$195.60	$195.15
	(£100.102)	(£100.488)
Gold Coins domestically		
Krugerrand	$206½-208½	$207½-209½
	(£105¾-106¾)	(£106½-107½)
New Sovereigns	$59½-61½	$60-62
	(£30½-31½)	(£30¾-31¾)
Old Sovereigns	$58½-60½	$58½-60½
	(£30-31)	(£30-31)
Gold Coins internationally		
Krugerrand	$198½-200½	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day-to-day credit was expected to be in good supply in the London money market yesterday, but the authorities gave assistance by buying a moderate amount of Treasury bills from the discount houses, and this will probably be reflected in surplus balances brought forward by the banks.

Small surplus balances were carried over from Tuesday, and the market was also helped by a large surplus of Government disbursements over revenue payments to the Exchequer. On the other hand there was a modest net take-up of Treasury bills to finance.

Discount houses paid 11½-11⅞ per cent for secured call loans in the morning, and late balances were taken at 11-11½ per cent.

In the interbank market overnight loans opened at 11⅞-12 per cent, and eased to 11½-11¾ per cent for most of the day, before closing at 11-11½ per cent.

Short term fixed period interest rates remained steady in very quiet trading.

LONDON MONEY RATES

Nov. 29 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	11-12	—	—	—	12¼	11-11⅞	—	—	—
2 days notice	—	—	11⅞-12	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	12⅜	—	—	—	—
7 days notice	—	11⅞-12⅛	12-12⅛	—	12⅜	—	11¾-12	—	—	—
One month	12 3/16-12 5/16	12 1/16-12¼	11⅞-12⅛	12⅛-12½	12⅝	12⅝	11¾-11⅞	11 11/16-11¾	12 1/16	12¼
Two months	12¼-12⅛	12⅛-12 5/16	—	12-12⅜	12⅝	12⅝	11⅝-11⅞	11 11/16-11¾	12 1/16	12⅜
Three months	12⅛-12⅜	12⅛-12⅜	12⅛	11¾-12¼	12¾	—	11⅝	11 11/16-11 13/16	11 13/16	12½
Six months	11⅞-11⅞	11 15/16-12 1/16	11¾-11⅞	12⅜-12⅜	12⅜	—	—	—	11½-11 13/16	13
Nine months	11¾-11⅝	11¾-11 15/16	—	11⅝-11⅞	12¼	—	—	—	—	—
One year	11 9/16-11⅝	11⅝-11⅞	11½-12	11⅝-11⅞	12¼	—	—	—	—	—
Two years	—	—	12½-12¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Longer-term local authority mortgage rates nominally three years 12¾-12⅞ per cent; four years 12⅞-12⅞ per cent; five years 12⅞-12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11 15/16 per cent; four-month trade bills 12¾ per cent.

Approximate selling rates for one-month Treasury bills 11½-11 9/16 per cent; and two-month 11⅝-11 7/16 per cent; three-month 11⅝-11 27/32 per cent. Approximate selling rate for one-month bank bills 11 15/16 per cent; two-month 11 15/16 per cent; and three-month 11 27/32-11¾ per cent; one-month trade bills 12¾ per cent; two-month 12¾ per cent; and also three-month 12⅝ per cent.

Finance House Base Rates (published by the Finance House Association) 10 per cent from November 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.8625 per cent.

MONEY RATES

NEW YORK
Prime Rate
Fed. Funds
Treasury Bills (13-week)
Treasury Bills (26-week)

GERMANY
Discount Rate
Overnight
One month
Three months
Six months

FRANCE
Discount Rate
Overnight
One month
Three months
Six months

JAPAN
Discount Rate
Call (Unconditional)
Bills Discount

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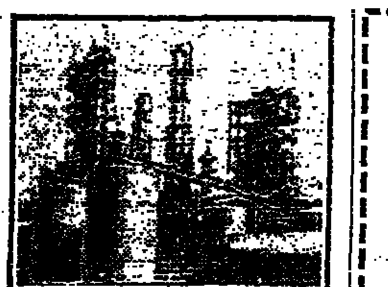

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FINANCIAL TIMES SURVEY
Thursday November 30 1978

Barbados

Twelve years after independence, Barbadians can feel fairly happy with their country's progress. Barbados is politically far more stable than many of its Caribbean neighbours, while the economy — apart from a high unemployment level — is in reasonable shape.

Cricket the major passion

By John McCaughey

BARBADOS, IT is generally conceded, remains the most British of the many islands that England once owned in the Caribbean. But, in fact, one suspects that it might really have been colonised largely by the Irish: so good-humoured, easy-going, polite and literate is the populace.

Discovered and promptly abandoned by the Portuguese in 1536 (they gave it its name because a species of local fig tree, with roots running from the branches to the soil, reminded them of an old man's beard), Barbados was first settled by the British in 1625 when the somewhat inexpert captain of a colonists' ship called the Olive Blossom ended up there as a result of a series of navigational errors. The English stayed anyway and, from then until independence in 1966, no flag but the Union Jack ever fluttered above the island.

Fanatics

One consequence of this has been the evolution of a nation of cricket fanatics. All West Indians are passionate about cricket, but Barbados has distinguished itself by producing the legendary Sir Gary Sobers and by (with most uncommon restraint) having somehow contrived to be the only island in the Caribbean that has never undergone a riot because of a test match.

The failure to riot denotes no slackening of enthusiasm. Balance of payments problems, unemployment and even religion take a very poor second place among all levels of the population to conversation on cricketing topics. Most weekends of the year, more than a hundred full-scale matches take place on the crowded little island—games which frequently involve the humiliation of a visiting British side, which has allowed itself to be weakened by the sun or by the local "Eclipse" rum.

Its reputation as a cheerful, cricket-mad island-in-the-sun has greatly assisted the marketing efforts of tourism officials, and tourism is now the country's principal industry. Impressed by an infrastructure that few developing countries can match, tourists tend to recommend the island to friends. And the "repeat-visitor" factor (a significant indicator in the highly-competitive Caribbean market) is high in Barbados.

As they celebrate the 12th anniversary of their independence today, Barbardians are by and large feeling pleased with the state of their nation. The economy is generally considered to be in better shape than it has been in recent years (or than it is in the majority of neighbouring islands), and it is certainly in better shape than a glance at the island's small size and meagre resources would suggest.

Prime Minister J. M. G. (Tom) Adams, a 47-year-old barrister and leader of the Barbadian Labour Party (BLP), won a convincing victory in the September, 1976 general election, which ended 15 years of government by Mr. Errol Barrow's rival Democratic Labour Party (DLP). Although he has suffered one by-election defeat in the meantime (largely as a result of a lacklustre candidate and the unpopular economic measures he introduced shortly after coming to power), Mr. Adams retains an authoritative 10-seat majority in the 24-seat House of Assembly. He does not have to go to the polls again until 1981.

Differences

The BLP election victory can probably be traced more to a widespread feeling of it being "time for a change" than to anything else, because few enough ideological differences are detectable between the two main parties. The DLP claims to be more "socialist" than the BLP "businessman's party," but they are both organised along broadly similar social democratic lines, and the opposition has not come out with any serious alternatives to the present Government's economic policies.

Fulfilling a pledge delivered in the heat of the election campaign, the Prime Minister appointed Sir Herbert Duffus, a retired Jamaican Chief Justice, to conduct a one-man inquiry into the financial dealings of the DLP Government between 1961 and 1976.

Sir Herbert's report will be delivered to the Government shortly but it is considered unlikely that he will have uncovered any "Barbados Watergate." "I would not be surprised if he has found considerable evidence of incompetence," one businessman wryly observed to me, "but incompetence is hardly an actionable offence by politicians. I doubt if there's evidence of any real corruption."

This view is shared by the Democratic Labour Party, which has loudly protested its innocence and says that it is serenely unconcerned by any revelations which may be contained in the report.

A more serious worry facing the island is its unemployment. Now running at around 16 per cent (much higher among the under-25s), unemployment is a Caribbean-wide problem that is aggravated in Barbados by a bulge in the number of young people coming on to the job market.

The Government is vigorously pursuing a policy of attracting labour-intensive industries, but it faces considerable competition from other countries with a similar goal, as well as the long-term threat of vociferous protectionist lobbies in the West closing their markets to industries (such as textiles and electronics) which have been established in Barbados in recent years.

One scheme which the Government has adopted to fight unemployment has been the introduction of a 2½ per cent payroll levy on larger companies. The levy is part of a complex, three-year plan which provides tax rebates to companies that boost their work-force by 8 per cent per annum.

The levy has been bitterly attacked by local businessmen ("a stick rather than a carrot," said one of them indignantly), who deny that it is an incentive for any real increase in employment. Frenzied arguments about its usefulness (complicated by technical differences of opinion on the accuracy of official measurement of the labour force and unemployment) continue to reverberate throughout the island.

The row has marred the normally cordial relations between the business community and a Government that is firmly committed to the idea of a thriving public sector, and it is doubtful whether the levy's marginal efficacy is worth the ill-feeling to which it has given rise.

Another source of friction between the Government and the private sector is the rate at which wages have been increasing. Earlier this year, the Prime Minister spoke of keeping wage rises down to about 5 per cent—but the target has been greeted with about as much enthusiasm as Ford workers in Britain recently displayed towards Prime Minister Callaghan's 5 per cent guideline.

The country's 16,000 civil servants were recently granted pay rises of more than 20 per cent over two years (although they had had a 15 per cent rise in 1977 and a 30 per cent one the year before), sugar industry workers earlier this year obtained a 15 per cent increase and the Barbados Workers Union is now suggesting that a 33 per cent offer for hotel workers would be favourably received.

The Prime Minister has said that the civil service increase was granted not because he has abandoned the idea of wage restraint but because the economy has improved so much. This argument, though, does little to alleviate anxieties that the Barbadian inflation rate of around 5 per cent is likely to soar when the wage rises feed through the economy. The Government, in effect, seems to have no real wage or prices restraint policy at the moment.

Successful

While unemployment among under-25s on the island is high and the number of people in this age group entering the job market will increase dramatically over the next five years, the rate should fall off sharply thereafter. This is thanks, in part, to a successful, Government-sponsored birth control programme which has brought the birth rate down to less than 1 per cent per annum at the moment (far below the 2.4 per cent that obtains on average in developing countries).

Illegal immigration, which used also to pose problems by swelling the labour force, is now much reduced, largely thanks to the rapid development of neighbouring St. Lucia as it approaches independence.

The most sensational instance of "illegal immigration" that one local newspaper managed to uncover in an article recently was the allegation that regiments of American matrons were coming to the island on tourist visas and inveigling young Barbadians working in the hotel industry to enter into marriages of convenience with them. This, the newspaper claimed, was designed to facilitate the Americans being issued with residence permits and to enable them to retire to the sunny charms of Barbados.

If any real criticism is to be levied at Barbados, however, perhaps it must be that the perpetual uneventfulness of the place contrasts too sharply with the turbulent, tropical ambience of the Caribbean.

Surrounded by islands that are at times violent and frequently politically unstable, some of which are experimenting with bizarre forms of post-colonial development "Baj" (as its natives affectionately abbreviate its name) progresses with every sign of contentment along old-fashioned grooves of parliamentary democracy and a mixed economy.

Determinedly British, it is divided into 11 parishes, called by such reassuring names as St. Thomas and St. James, and it is quite happy with its achievements. It has the third-oldest parliament in the Commonwealth, the highest (98 per cent) literacy rate in the region, little or no racial tension and an enviable reputation for being able to administer capably its own affairs.

Its newspapers are free, there are no political prisoners and—despite a trend evinced recently by Prime Minister Adams of holding himself aloof from the Press in the manner of Dr. Eric Williams in Trinidad—the administration probably approximates more closely to "open government" than do most surrounding regimes.

The Caribbean as a whole has a turbulent political history, and islands often changed nationality between breakfast and teatime, as the great powers waged their colonial wars. So each West Indian nation is strikingly different in temperament to the others, and the natives of one island rarely have anything flattering to say about the inhabitants of another.

Barbados only had one colonial owner, and its British settlers tended to be (especially in the sugar industry) resident rather than absentee landlords. "It's my thesis," speculates Central Bank Governor Dr. Courtney Blackman, "that this has produced a basic resource here of stability or social cohesiveness. People in Barbados tend not to drive the other man up against the wall. They will step away and give him a chance to get out. They're very good at conflict resolution."

What Dr. Blackman, a former economist with the Irving Trust in Wall Street, terms "conflict resolution" is, one imagines, what is generally known to Barbadians as a game called cricket.

BASIC STATISTICS	
Area	166 sq miles
Population (est.)	250,000
GDP (1977)	B$343m
Per capita	—
Trade (1977)	—
Imports	B$549m
Exports	B$190m
Imports from UK	£24.7m
Exports to UK	£5.2m
Trade (1978 to end June)	
Imports from UK	£11.8m
Exports to UK	£1.1m
Currency: Barbados dollar	
	£1=B$3.89
	$US1=B$2

Economic good health

BARBADIAN BUSINESSMEN have a well-developed sense of irony. Dismissing loftily the passionate politics of Prime Minister Tom Adams and the elegant economics of Central Bank Governor Courtney Blackman, one of them confidently lectured me about the reasons for the island's relative economic good health.

"Good neighbours," he insisted. "We've been so lucky with our neighbours! Because every time Barbadian politicians wanted to do something silly, Guyana or Jamaica went right ahead and did it, fell flat on their faces . . . and Barbados immediately pulled back."

Truth

Lacking in respect to the Prime Minister and to the Central Bank Governor as this may be, the theory is not without a germ of truth. Barbados has witnessed recently its two neighbours fall into the sticky embrace of the International Monetary Fund. And it has had the salutary experience of observing, from a safe distance, the tough prescriptions of "conditionality" that the Fund's doctors have levied in return for coming to the rescue of the beleagured economies. The IMF, as a result, fills the role in Barbados that is occupied in most other cultures by the bogey-man.

But although the bogey-man has been told that his presence is not required for the foreseeable future, it was a close enough thing at times. Like many of its neighbours, Barbados has cronic balance of payments problems. Fuelled by high food import bills, the island has traditionally had a substantial deficit on visible trade. The 1973 OPEC oil price rise had predictable effects upon the economy and only exceptionally high sugar prices in 1974-75 brought about a reversal in the country's economic downturn.

A surge in imports in 1976, however, nearly wiped out foreign exchange reserves. The deficit on visible trade rose to B$319m and climbed again to B$384m last year. It was this which prompted swingeing and (at the time) highly-unpopular measures by the newly-elected Barbados Labour Party Government of Prime Minister Adams.

Import curbs (mostly affecting Japanese motor-cars) and tight consumer credit restrictions were imposed. It is estimated that these measures will bring down this year's visible trade deficit to around B$359m and the current account deficit—aided by strong tourism and manufacturing earnings—down to some B$68m. At the same time the Government drew down a B$20m soft loan from Trinidad (negotiated in 1974) and a B$15m contribution from the IMF oil price compensatory facility.

The overall balance of payments as a result is expected to show a small surplus (of perhaps B$7m) in 1978, after deficits of B$39m in 1976 and B$19m in 1977. But serious problems still confront the Government with relation to the budget which (apart from 1975) has been in deficit since 1972. The 1977-78 deficit was a record B$32m and for 1978-79 is an estimated B$40m.

Unemployment is the other big problem plaguing the Barbadian economy. Currently standing at around 15 per cent, it is not that high by some standards in the Caribbean but it is high by Barbadian levels and is the topic of most concern to both politicians and the man on the island's omnibus.

The problem is being considerably worsened by a demographic legacy from the late 1950s. Unemployment in Barbados is most acute in the under-25 age group and between 1952 and 1960 there was a remarkable bulge in the island's birth rate. In 1960, for example, nearly 8,000 children were born in Barbados. Of these, perhaps 7,000 are still on the island and, at the age of 18, just coming on to the job market.

Things have improved considerably since then. Last year, the birth rate was at a record low of only 4,300—bad news for baby food manufacturers, as the Prime Minister commented drily, but good news for the Minister of Finance and Planning in 1995.

The 1952-60 bulge, though, will take another five years before it lessens its effect on the jobless statistics and the considerable problems which this implies are causing a great deal of worry to Government planners.

The principal strategy of the Government in dealing with the unemployment problem has been to make industrial development a priority. Tourism is now the greatest contributor to GNP, but the administration of Prime Minister Adams feels that industrial development (especially in labour-intensive fields) will better mop up unemployment, increase exports and save foreign exchange through import substitution.

Relief

Vigorous efforts are being expended on the industrial sector. Companies setting up on the island can obtain tax holidays of up to ten years, relief from customs duties, assistance in acquiring factory space and a number of other benefits.

An export promotion agency is being formed and high-powered missions have been sent abroad (one of them visited Britain at the end of last month) to preach the benefits of Barbados' stable government, excellent infrastructure, good communications and a literate, productive workforce.

The recently - published development plan (covering the next four years) of the Barbados Industrial Development Corporation (IDC) aims at creating 5,000 new jobs per annum, making more factory space available and attracting investment by labour-intensive industries from Europe, Japan and the U.S. This year marks the 21st anniversary of the Barbadian drive for industrial development and the slogan "Onward with Industry" is being much trumpeted around the island.

The drive to establish exporting industries has even led the Barbadian Government to establish diplomatic relations with such unlikely partners as China, North and South Korea, Arab states and several Eastern European countries.

The bid to diversify from such traditional foreign exchange earners as sugar and tourism has already brought about the establishment of a number of successful light industries on the island, including furniture-making, garment manufacturing and electronics assembly. More emphasis too is being placed upon encouraging locally-owned small businesses, although a number of these still lack managerial skills and get into difficulties.

Many of the new industries gear their exports to the North American market, but increasing efforts are being made to boost exports to other Caribbean Community and Common Market (Caricom) states. Established in 1973 among the English - speaking Caribbean countries, the 13-member organisation (despite the striking ideological differences that exist between its members) has brought about a steady dismantling of trade restrictions and an interlocking of economies.

The balance of payments difficulties being experienced by two of its principal members (Guyana and Jamaica) led those two countries, however, to impose import restrictions. As a result, Barbadian exports to them have fallen from their 1975 peak—although exports to the other leading Caricom member, oil-rich Trinidad and Tobago, have continued to flourish.

Difficulties can be seen on the horizon, however. While these new Barbadian manufacturing industries have experienced rapid growth, they face—like similar industries in other developing countries—increasing problems with a slow-down of growth rates in the West and with the ever more vociferous protectionist lobbies in the developing world. The Barbadian textile industry, for example, has already suffered from both Caricom and Canadian import curbs.

Manufacturing industries and tourism are both largely post-World War II developments in Barbados, but agriculture—especially sugar—has been around almost since the island was discovered by the Portuguese in 1536. The prospects this year for sugar, which has now yielded its position as the leading contributor to GNP to the tourism industry, are pessimistic.

Earnings are expected to fall because of a decrease in output and because this year's round of talks between the EEC and the African, Caribbean and Pacific (ACP) group of countries resulted in an increase of only 2 per cent in the guaranteed price for sugar imports paid by the European Community under the Lome Convention.

Prime Minister Adams has promised a "sympathetic look at the capital needs of the industry" but the President of the Barbados Sugar Producers Association has said that the industry's future is "far from rosy."

Agriculture generally has been dogged by problems in Barbados (whose food import bill came to B$105m last year) but a newly-appointed Minister of Agriculture has promised to halve this bill during his term and considerable investments are planned in both farming and agro-industries on the island.

One optimistic sign for the future, as well, is oil. Barbados is the only Caribbean island apart from Trinidad to have oil and its 1,200 barrels-per-day production is one third of its own requirements. Any further discoveries would clearly mean a considerable saving on the country's import bill.

Restraints

While there are many restraints upon the development of a small island like Barbados—notably its lack of mineral resources and its vulnerability to external economic forces—there can at the moment be detected on the island a widespread conviction that the economy is in much better shape than it was in during the final years in office of the previous government.

The Adams administration has frequently reiterated its commitment to the idea of a mixed economy and the preservation of a thriving private sector. The unpopularity of the Government generated by last year's credit curbs and import restrictions is fading and is being replaced by a sense of confidence and the realisation that—however nasty the medicine might have been—it wasn't nearly as bad as the pills which the bogey-men from the IMF would have passed around.

John McCaughey

Industrial expansion needed to combat unemployment

INDUSTRIAL DEVELOPMENT in Barbados has just come of age. It is exactly 21 years since the Government of the island formally set up what is today called the Industrial Development Corporation. In setting it up, the enabling legislation states that the corporation is "to stimulate, facilitate and undertake" the development of industry.

In the years that have gone since those early days of planning, Barbados has seen the setting up of eight industrial parks, as well as independent factories spread all over the 166 square mile island. From these shops "made-in-Barbados" goods are produced for both local and overseas use.

The island people never had a natural interest in industrial expansion. The original business sector which was not committed to the sugar industry spent its energies on the import and distributive trades, which carried little or no risk. Out of this tradition has developed a manufacturing sector that is largely an enclave enterprise, with heavy dependence on export factors.

The "new" and high-risk endeavours associated with industrial activity have still not attracted traditional businessmen, who from generation to generation remained either in agriculture or trading. The absence of professional management skills also hindered earlier growth of the industrial sector. But much has changed in the last 21 years.

The rate of growth is not as spectacular as tourism, or as sustained as sugar, but this third plank of the Barbados economy has been an important one. Twenty-one years ago the number of manufacturing industries in Barbados could literally be counted on one hand. Today 126 factories employ 15,000 persons—more than in any other single sector except government.

The contribution of manufacturing to the gross domestic product in 1957 was less than 5 per cent. Last year it was 11.4 per cent higher than that of the tourist sector (10 per cent) and only slightly less than the 11.5 per cent contributed by the agriculture sector.

Manufacturing in recent years has expanded job opportunities more rapidly than any other sector. Much of the demand which created this growth in the last three years relates directly to external demand for products such as electronic components and sporting goods, largely destined for the North American market.

In this area manufactured goods have been making an increasing contribution. In 1966 sugar contributed 67.5 per cent of total visible exports while manufactured goods accounted for only 9.4 per cent. Ten years later in 1976, the latter accounted for 53.0 per cent, compared to 34.9 per cent by sugar. (The value of Barbados' exports increased by an average of 26.6 per cent per annum over the same period, but the deficit in the balance of trade worsened.)

Attract

Each year for the next four years, Barbados hopes to attract to its shores at least six labour-intensive manufacturing industries as part of the expansion of its industrial development. In preparation for this the island is identifying industrial opportunities, preparing feasibility studies, seeking equity partners and arranging project management where necessary. It is also offering fiscal incentives, duty concessions, concessionary finance and factory space. Thrown in for good measure will be the relatively low cost labour market, the best infrastructural network in the Caribbean, and a stable political climate.

The Industrial Development Corporation has produced a five-year plan that sets out in detail the proposed expansion. But the IDC plan is careful to indicate that the priorities are not based on state intervention outside of a "planning concept." It notes: "Given our economic system, the priorities will be achieved mainly through the performance of the privately-owned manufacturing sector. Central to the success of this plan are the investments, the energies, and the initiatives of private individuals as entrepreneurs, as workers."

Traditionally the Barbados Industrial Development Corporation has looked to North America for its investors. Now it is turning its attention to Europe and Japan. In their overseas promotional activity designed to attract foreign investment, Barbados' officials sell projects based on their own research and they encourage and promote joint ventures between local and overseas businessmen.

One example of how "project identification" can work is the recent setting up of a flour mill through a major Canadian corporation.

Industries with a natural requirement for bulk transport are good examples of the types that will do well. The economies of bulk transport and the availability of warehousing and break-bulk facilities in a free port zone could make all the difference.

All these schemes are not to be isolated. They are designed to get to the core of the island's unemployment.

Because of the small size of the domestic market, the manufacturing sector has not been able to make as significant an impact in import substitution as was at first hoped. Products that are unable to find a market overseas are often not viable if produced in Barbados for local consumption only. The same holds true for other industries in the chain of islands that dot the Caribbean sea.

This has led to the setting up of the Caribbean Community (Caricom) which provides, through relaxation of customs duties and hence more competitive pricing, a wider immediate market for materials generated from factories in small islands, including Barbados.

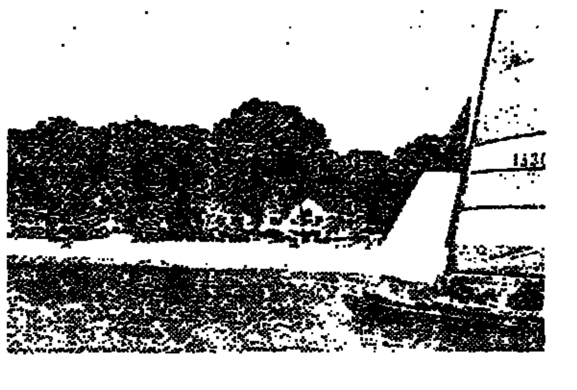
This market is itself of a small and fragile nature since some of the signatories to the agreement, notably Jamaica and Guyana, have chosen, in the face of critical domestic problems, to impose trade restrictions even between member territories of Caricom.

When one looks at the rising unemployment figures in Barbados and its nagging balance of payments headaches, the energy used by the IDC in attracting foreign investment can be seen as vital. The success of the development of a viable industrial sector is essential to the peaceful and orderly development of an island that has known more peace and order that many of its trouble-ridden neighbours.

The Governor of the Central Bank, Dr. Courtney Blackman, confirms this: "Above all, the manufacturing sector possesses the greatest potential for job creation to fill the needs of our expanding work force over the next decade. The tourist sector is no longer dynamic in terms of employment generation. In fact, there is a marked tendency towards the erection of condominiums, which use much less labour than hotels. As a result, the increase in visitors to the island in recent years has not been marked by an equal expansion in employment."

With the necessary political will, the drive of an efficient IDC and a little luck, industrial expansion could provide the strength to keep Barbados out of the grasp of the IMF, whose presence is now a cold reality in two other Caribbean islands, bigger and at one time richer, than Barbados.

Harold Hoyte
Editor, The Nation



BARBADOS III

Sugar in decline

TO HAVE suggested to Barbadian sugar planters as recently as 20 years ago that the industry on which the island was built was on the verge of the sharpest decline in its history would have been laughed out of court.

In the years 1950 to 1959, now nostalgically referred to as "The Fabulous Fifties," King Sugar strengthened his already dominant role in the economy. Excellent rainfall, improved technology and the advent of the Commonwealth Sugar Agreement combined to ensure euphoric prosperity. In those years average annual production climbed to just over 170,000 tonnes and an acre of cane yielded as much as 3.77 tonnes of sugar. Basic wage rates rose by 78 per cent and profits were good.

Different

The picture is very much different 20 years later. Sugar has been through hard times, and in the words of no less an authority than the president of the Sugar Producers Association, Mr. Ian Robinson, its future is "far from rosy."

In the 1970s almost 13,000 acres have been withdrawn from sugar production, the numbers employed in the industry have declined rapidly, only twice has the yield per acre exceeded three tonnes of sugar and production has struggled to pass 100,000 tonnes annually. In 1958 almost 20,000 were directly employed in the industry. By 1970 the figure was down to 6,400 and at the last crop was a mere 5,000. This year only 101,000 tonnes were produced as against 117,910 in 1977. Whereas sugar accounted for 20.3 per cent of the Gross Domestic Product in 1960, the proportion is now down to 6.7 per cent.

An island industry with a history stretching back as far as 1650 has inevitably gone through times of crisis before and endured. It may do so this time but it is certain that it will never again command the position it did for so long when the economic life of Barbados was solely dependent on it.

It is ironic that just at the time sugar was prospering most Government planners were taking the first effective steps towards diversifying the economy. It was in the 1950s that tourism was first actively promoted and incentive legislation was enacted to attract foreign investment for light industry. It was then, too, that efforts were made to take some land out of sugar and put into food crops such as vegetables, onions and yams.

As tourism expanded at a phenomenal rate—and industrial sites mushroomed across the country, sugar suffered. Investment was chanelled away and work on the sugar plantations, which always carried the stigma of its association with slavery anyway, became even less fashionable. Land previously devoted to the cultivation of cane was utilised for construction of hotels and housing development for the growing middle class.

Other factors contrived to harass the sugar industry. There was a protracted period of drought in the early 1970s, the incidence of fires increased alarmingly — not only reducing the sugar content of the cane itself but also diminishing the richness of the soil — and costs gradually began to outstrip the price sugar fetched on export markets. Barbados now spends over B$600 per tonne on producing sugar, and on net average received only B$605 for selling in 1977. Barbados has a quota of 49,300 tonnes annually to the European Economic Community under the Lome Convention and has to find markets, either through bi-lateral agreements or on the world market, for the remainder of its crop.

Although the statistics make gloomy reading not everyone is pessimistic about the future. In contrast to its fellow sugar-producing countries in the Commonwealth Caribbean, Barbados enjoys a very broad local base in private ownership of its sugar industry, with minimal absentee proprietorship. There are over 10,000 smallholders, each with under 10 acres who supply between 14 and 16 per cent of annual production.

Shares

The nine operating factories are owned by a single local company, Barbados Sugar Factories, in which most plantation owners have shares. In other words, there are still a large number of people with a keen financial interest in keeping the industry alive.

Naturally, it will hardly survive if its present difficulties persist for any length of time. Yet the farmers look back over history and say, philosophically, that better times will come. The Sugar Industry Review wrote recently: "It may have some difficult years but a resilient and industrious people, with the aid of new technologies, can survive as the generation of 1900 to 1940 survived European bounty-fed sugar."

They will need a little more luck than they have been having of late. If there is rainfall comparable to the 100 year average—and so far this year, there has been—the tonnage reaped will increase significantly, reducing the unit cost of production. If at the same time the International Sugar Agreement works as it should, the price on the world market should be stabilised at a level which, if not guaranteeing extravagant profits, would allow Barbados to overcome its present cost-price squeeze. And there will always be the freak years when the price skyrockets, if only briefly, as it did in 1975.

In the end it may well be sugar's by-products that will help keep the industry viable. Rum has long been associated with the West Indies and it has now begun to win wider acceptance in North America and Europe. The U.S. market is protected in favour of Puerto Rican and Virgin Islands' rum and Barbados and the rest of the Commonwealth Caribbean find it difficult to compete. There is also a strong French lobby in the EEC adamant that their overseas departments retain the favourable tariff terms for themselves.

Yet the value of rum exports has increased gradually in recent years from around B$3m in the 1960s to B$5.7m in 1977 and the distilleries are still only operating at 56 per cent of capacity.

A more recent development has been experiments with a separation plant, supported by Canadian Government funds. Here the pith and the rind of the cane are separated before the juice is extracted. The former, called comfith, is mixed with molasses and used as cattle feed. The latter can be converted into core panelling for the building industry.

Somehow there has always been the feeling that sugar has the background of history and the technological know-how to take care of itself. There has been more concern with other agricultural production as succeeding governments strive to diversify the economy.

Food imports cost as much as B$104.9m last year and there have been strenuous efforts to have this bill reduced. The new Minister of Agriculture, Mr. L. B. Brathwaite, in office since mid-year, has boldly announced that his aim is to reduce this by half during his term. As have others before him, he may find it a particularly frustrating task: the Barbados Marketing Corporation and the Agricultural Development Corporation, the two statutory corporations charged with stimulating production, have been dogged by a series of problems, the majority of them political.

The main thrust of Mr. Brathwaite's scheme will be a huge project in what is known as the Scotland District, taking up a seventh of the island's 166 square miles. Situated on the east coast, it has always suffered from massive soil erosion although its soil is rich. Inter-American Development Bank loans will support the project to the tune of B$130m.

There will be beef and dairy cattle production and development of herds of black-belly sheep, an indigenous breed which is particularly hardy and which is already being exported in small quantities, mainly to the Caribbean and Latin America. Fruit trees (local cherries, mangoes, limes, oranges) will be planted on a large scale and earth-damned ponds for irrigation will be constructed.

In the various attempts at agricultural diversification there have been both successes and disappointments.

Traditional food crops such as yam and sweet potato continue to show favourable increases, while onion production has climbed steadily and is now finding export markets in CARICOM countries and in the U.S. Some 1.6m lbs were harvested in 1977. A cannery, which should be operational within two years, should further stimulate vegetable production and counter seasonal problems.

Certainly the advent of the Pine Hill Dairy, one of the most modern in the region, has given a boost to dairy farming since it was established 12 years ago with finance from the New Zealand Dairy Board, the Northern Dairy of Britain, the Government and local shareholders. Much more recently, the pork-processing plant operated by Barbados Packers and Canners has given a boost to pig production. After overcoming teething problems following the opening three years ago, the processor bought over 500,000 lbs of pork locally in 1977, more than double that of the previous year. Now export markets are being sought.

Reversals

There have been two notable reversals in the agricultural sector recently, the decline of Sea Island cotton and the troubles which have plagued the Government-owned shrimping concern, International Seafoods.

Cotton was revived in the 1960s after a lengthy period in the doldrums and enjoyed such rapid expansion that by 1976 190,000 lbs of clean lint were produced from 1,100 acres for export.

The price was attractive and vigorous promotion by the West India Committee in London won guaranteed markets in Britain, Italy and Japan. It was a welcome addition to foreign exchange earnings of some B$600,000 annually. Suddenly adverse weather and attacks by the pink boll worm stopped cotton in its tracks. Acreage dropped to 730 in 1977 and the yield to 58,000 lbs. and indications are that it will die a natural death.

The shrimping saga started when an American company brought in a fleet of trawlers in 1960, using Bridgetown as a base. The Government constructed a modern storage and processing plant and the industry thrived to such an extent that shrimp exports fetched more than B$7m in 1968 and 1969. The company then fell out with the Government, moved elsewhere and officialdom was left looking for trawlers to fill the breach.

In the end the Government purchased 20 trawlers of its own, but it has been grappling with the problem of finding waters for them to fish. While an agreement with Brazil was being concluded the trawlers lay idle at Belem for almost a year. Subsequently an agreement has been concluded with Guyana and the fleet is now active again. But the economic blow was such that it will take several years to recover from it.

Shrimping is aimed at export markets. The local demand is just about met with catches by local boats fishing off the coast. Flying fish, for which the island is famous, king fish, snapper and albacore are the main varieties but fishermen have been worried recently by declining catches, particularly of flying fish, which now abound more off the coast of Tobago. Plans to develop the fishing towns of Oistins, Speightstown and Martin's Bay will provide better facilities of storage and marketing and should be a boon.

Although agriculture's position in the economic scheme of things has diminished with efforts towards diversification, its significance cannot be ignored.

The Government has indicated that it accepts this and has moved actively to correct faults which have stymied agricultural development. It has halted the sub-division of good agricultural land for speculative purposes and returned much of the land it owns to active production. It has introduced duty-free concessions on farming and fishing equipment. Generally, it has sounded genuine in its desire to stop the recent decline. With a little luck from the weather, it may succeed. Only time will tell.

Tony Cozier

Development plan aims at decentralisation

THE FORMER Prime Minister of Barbados, Mr. Errol Barrow, used to be fond of claiming that his Government had, as he put it, transformed Barbados from a village into a vibrant independent nation. It might have been the truth but it certainly was *not the whole truth*.

There is no doubt that during Mr. Barrow's lengthy term between 1961 and 1976 Barbados made enormous strides in economic development. Yet he and his Government inherited an administration with a long tradition of expert management and careful planning.

Independence

Even during its colonial history Barbados prided itself on its independence. It never received budgetary aid from the British, for instance, because its affairs were so competently handled by succeeding governments. Long before the Barbados flag, the Broken Trident, replaced the Union Jack in November 1966, the island's educational system was regarded as among the best in the Commonwealth and boasted almost total literacy among the population. Its road system was second to none in the Caribbean and, unlike so many of its neighbours, its water, electricity and telephone services worked.

So if Mr. Barrow found "a village" when he took office it was a very efficiently run village and its metamorphosis had already started. It was the preceding Government, under Sir Grantley Adams, the present Prime Minister's late father, which initiated such vital projects as the construction of a deepwater harbour, expansion of the airport and erection of a large modern hospital.

It is ironic therefore that two of the largest projects inherited by Mr. Tom Adams' Government when it defeated Mr. Barrow's in September 1976 were the construction of a completely new terminal building at the airport (quickly renamed Grantley Adams International after the electoral triumph) and the extension of the Bridgetown port.

The airport, the busiest in the Eastern Caribbean, has simply outgrown itself as tourism and related activities have boomed. Over 1m passengers use it annually and, as anyone who has had to queue for immigration and customs authorities to clear 600 fellow passengers can attest, it cannot cope. The new building, built on an area of 260,000 square feet and costing B$28m, has been funded by the Canadian Government and the Inter-American Development Bank and should be operational late in 1979. It is almost a year behind schedule but the airport manager recently boasted that there would not be a better one east of Miami.

The port project is somewhat nearer completion and the new facilities should be open for business before the end of the year. Like the airport, the port had outstripped its capacity, with an increase in cruise liners and trans-shipment cargo to the neighbouring islands. In addition, it is planned that all inter-island vessels should now use the expanded port instead of the inner basin of the Careenage in the heart of Bridgetown.

The Government has found the exercise somewhat more expensive than the B$27m earmarked, as it has been ordered by the Supreme Court to pay more than it was willing to the American company which carried out the dredging and to a local supermarket chain whose land it compulsorily acquired. But the development should end some of the current congestion by extending the quayside from 1,200 to 1,800 feet, including a new transit shed and a new administration block.

Related

A related project has been the provision of a flour mill, jointly owned by the Government and Maple Leaf Mills of Canada, which is expected to supply all the island's needs in bakers, biscuit and counter flour by mid-1979. Built at a cost of B$11m, it will employ a staff of 70.

Another major hold over from the most recent development plan, ratified under Mr. Barrow's administration, is a sewerage plant for Bridgetown and its environs. It has taken a long time to come into being—such a plant was first recommended as far back as 1921. Even this one will have been seven years in the planning and preparation stage when work starts on it next March, on the site of one of the town's former slum areas. It is expected to take two years to complete at a cost of B$27.3m, provided by the Inter-American Development Bank.

These are all schemes which are, as the planners put it, "on-stream." The finishing touches are now being put on the new Development Plan which will reflect the promises made by Mr. Adams' party during the 1976 elections.

It is estimated that for the period 1978 to 1982 all Government-financed projects, either "on-stream" or to be started, will cost just over B$438m, much of it from international lending institutions such as the World Bank, the Inter-American Development Bank, the Caribbean Development Bank, the European Development Fund and the Canadian International Development Agency.

Potentially, the biggest undertaking in the plan will involve better use of the Scotland District, an area on the east coast which occupies as much as a seventh of Barbados' 166 square miles. The terrain is hilly and rugged, the soil clayey and rich. However, it has been badly affected by erosion and as a result has not been fully utilised.

The east coast road, opened in 1966, made the area accessible and there has been much work done over the past two decades on checking erosion. More recently, a sizeable area has been planted in fruit trees while there has been livestock rearing in others.

Now a feasibility study has been commissioned with the objective of identifying the best areas for future investment projects and agricultural development.

The Government has its own ideas as to how the scheme should work and envisages a programme of erosion control and reclamation, the erection of dams and reservoirs, the expansion of the present process of orchard gardening and livestock farming and some 2,000 acres of reafforestation to include a national park.

Even the planners themselves are unsure what such a master plan would cost to implement, although one or two Ministers have spoken glibly of B$130m. Certainly, even if only partially

CONTINUED ON NEXT PAGE

A welcome for the tourist

AS A Caribbean tourist destination, Barbados lacks some attractions. It is by no means the prettiest island (not as attractive as, say, St Lucia), nor is it the liveliest spot in the region (compared with, for example, excitable, calypso-crazy Trinidad). But it does have one powerful advantage which outweighs any such quibbles—a long-standing reputation for stability.

The island, unlike many of its neighbours, is a safe and cosseting haven for the tourist, so British that it resembles a kind of Isle of Wight in the tropes, law and order rules rather somnolently in the background. Unlike Jamaica, violence does not seethe beneath the surface: unlike Nassau in the Bahamas you will not be approached by drug pushers outside the big hotels, and unlike Haiti, you will not feel like a minor character in a Graham Greene novel.

Courteous

The intelligent and predominantly courteous Barbadian population seems actually not to mind tourists swarming all over the island—an attitude rare enough in the Caribbean. The beaches—as good as any that the island's rivals in the Eastern Caribbean can boast—run for 30 miles of almost unbroken palm-fringed white sand around the coastline.

The Barbadian infrastructure is excellent. There are no candles, anticipating power cuts, in the hotel bedrooms; telephones work and buses run on schedule; there is no water problem; the roads are narrow but well-maintained and the range of hotels—from luxury to apartment-style — is broader than on almost any other island in the area.

"To tell you the truth," one tourism official said with a half-puzzled air, "we have got almost what you would end up with if you sat down and developed a tourism industry on the island from scratch." Chuckling with delight, he added modestly: "Not that it happened that way, of course . . . ."

However it happened, Barbados has been extremely fortunate. Tourism is now the leading sector in the country's economy and is likely to remain so. It accounts for 17 per cent of Gross National and one third of foreign exchange earnings.

After a bad year in 1975, when arrivals fell by 4 per cent to 222,000, the industry picked up and is now experiencing a boom. Arrivals climbed steadily from 229,000 in 1976 to 269,000 last year and they seem set this year to pass 300,000. Half a million tourists will be making the pleasant pilgrimage to the small island by 1985, Barbadian tourism planners confidently predict. This will involve a much-needed increase in hotel beds from today's 11,000 to some 15,000 in order to cope with this demand.

This performance took place, it is fair to note, despite a three and a-half month strike by BWIA, the Trinidadian airline, which is one of the most important carriers to Barbados from Europe, the U.S. and Canada.

The tourism boom is taking place within the context of a debate throughout the Caribbean on the role of the industry in development. One school of thought holds that tourism has a vital role to play, the other that tourism is fickle, has negative social consequences and cannot be relied upon as an essential ingredient in the economic development of small countries.

The debate at the moment is going very much in favour of those who pin their hopes to tourism and there is plenty of evidence which they can adduce to their case. OECD figures show that more than $41bn was *spent by tourists within that* organisation's 24-member countries last year and that tourism spending rose by 17 per cent in 1977. More than 240m people a year (the majority of them tourists) cross the world's international frontiers annually and long-term UN studies foresee 1bn tourists by 1990 — making tourism one of the world's most important industries.

Mr. Jean Hodder, executive director of the Caribbean Tourism Research Centre based in Barbados, is a vocal proponent of the industry. "Tourism has lasted in the Caribbean and elsewhere," he says, "and there is no tourism destination which, having suffered because of some social problem or other, has not been revitalised within a very short time—a year or two at most.

"*No one* has ever suggested to me anything that could replace tourism in the Caribbean. The idea of a broadly-based, integrated economy makes sense but any idea that you're going to replace tourism here is madness. And while every commodity has its ups-and-downs, tourism probably has them least of all."

Given the current boom in Barbadian tourism, however, the question arises of whether it could boom a bit further. Several tourism planners on the island believe that a great deal more could be achieved and that marketing efforts by the Barbadian Government have not been as vigorous as they could have been.

Marketing

"Even without trying," one official said, "they've done very well. But if the Tourism Board here had put the same amount of money and effort into marketing as, say, the Bahamians have—especially in the last couple of years—Barbados would be miles ahead of everywhere else in the Caribbean."

Critics of the Government's efforts cite an alleged over-reliance by the Tourism Board on word-of-mouth advertising and a less than urgent commitment to spending money on advertising and combatting the campaigns of competitive neighbouring islands. One Government Minister has claimed that 60 per cent of tourists come to the island as a result of "good-mouthing," that is personal recommendations by friends or colleagues.

It is probably around this point that the tourism industry on the island will fight its next big battle. While a great deal of money can be poured into tourism *promotion for* uncertain results, many in the Barbadian industry believe that the risk is worth taking and that greatly-increased spending by the Government on the tourism sector would bring about an even more dramatic upswing in the industry's fortunes than has occurred in the last two years.

Critics of this dash-for-growth school of thought, however, claim that Barbadian tourism may now have reached saturation point. It is a problem that frequently confronts nervous tourism planners: the worry that too many tourists may affect the social stability of an island and bring about a situation which however temporarily could seriously damage the trade.

The days are long gone, of course, when the Caribbean comprised a number of small, expensive island resorts for rich Americans. Much of the *region is now a mass market* for holidaymakers. In the case of Barbados it is even part of that well-known holiday paradise called "Lakerland" (the enterpreneurial Sir Freddie owns 49 per cent of Caribbean Airways, the national airline).

This year, however, will see for the first time the number of tourists (an estimated 300,000) outweigh the population of 260,000. For some in Barbados, a tourist-resident ratio of 1:1 is quite enough and predictions of a growth in tourist arrivals to 500,000 portend disaster.

Not everyone shares these fears: "Look at Bermuda" says Jean Hodder. "It has a *population* of only about 55,000 but it handles half-a-million tourists a year. It works well there because it's well-planned and it would work perfectly well here too if it were well-planned."

"One problem with Barbadians is that in a sense—like everyone else in the Caribbean—they take tourism for granted. Most West Indians when they think of tourism equate it with the hotel industry and often give little thought to the ripple effect of the tourist dollar throughout the economy."

Barbados, it is also pointed out, has been exposed to visitors for a long time: not just since the late 1950s when the modern industry began, but since the early days of this century when pioneering holidaymakers would travel down by schooner from Newfoundland and disembark on the island. For several weeks they would stay on Barbados while the schooners went further south to Trinidad and Guyana, trading fish and salt beef for sugar and molasses, and picking up the tourists on their way back north again.

Other and more traditional problems also afflict the Barbadian industry. There are still seasonal lulls, especially in the months of May and June and September and October. The Tourism Board is attempting to combat this by heavy promotion of new markets, such as Europe, and a levelling-out of the seasonal downturns is already apparent. Considerable growth is foreseen in the European market—led by arrivals from Scandinavia, Britain and West Germany.

European visitors—fleeing the polluted and overcrowded Mediterranean—rose by 37 per cent last year on 1976 and are expected to increase by nearly 50 per cent this year, helped by cheaper fares on Caribbean Airways' London-Luxembourg-Bridgetown route.

However, Europeans still make up only about 18 per cent of all arrivals and Barbados still depends heavily on the 60 per cent of visitors who come from Canada and the U.S. These arrivals have risen by nearly 15 per cent so far this year and the opening recently of a Caribbean Airways route to Washington and Miami should increase that percentage even more.

Gambling

One obvious area for making money out of tourism which the Barbadians have rigorously eschewed has been gambling. In the Bahamas some 63 per cent of the 1.4m arrivals in 1977 visited a casino there and the Government earned some $11m in gambling fees and taxes.

It is not, though, a pastime favoured by Barbadians. A very religious (mainly Anglican) country, two thirds of those polled in a recent survey said that they were opposed to the provision of gambling facilities for tourists and a political storm broke not long ago when the Government legalised one-arm bandits. The Government has since set up a commission to study the question of gambling on the island but any change in the present laws seems unlikely.

Perhaps one of the most striking indications of the success now being experienced by Barbadian tourism, though, is the fact that the island is a favourite holiday spot for West Indians themselves. One fifth of all arrivals last year were from the Caribbean, and Barbados reckons that it gets about 50 per cent of the intra-Caribbean tourism trade.

Partly this is a result of the island's geographic position (it is convenient, for example, to the rich Trinidadian market and it is possible from Bridgetown to take one-day air taxi tours of neighbouring islands like St. Lucia, Martinique or Grenada. But one also cannot help feeling it's a comment on the relaxed charm of this cricket-mad mango-shaped West Indian island.

J.McC.

Development

CONTINUED FROM PREVIOUS PAGE

successful, it would stimulate production on lands which have always been a problem.

Quite apart from anything else, the Scotland District contains considerable resources of good quality clay. This has hardly been utilised in the past except for a small-scale pottery industry which has now dwindled as the expertise of the old hands has disappeared. There now is a factory at Greenland financed by private capital and involved in the production of tiles and bricks for the building industry. It currently turns out about 4,500 tonnes annually, with a capacity over twice that.

It is in a different direction, however, that Government is looking—specifically to the manufacture of table stoneware and gift ware and artefacts. An application has been made to Britain for assistance with the study of the clay resources in the area; this will be tied to market research to establish the viability of such a project.

Stoneware crockery is an exclusive and expensive item and if Barbados could supply half the demand which it creates among the tourists in the duty-free shops such production would be profitable.

Since the 1971 elections, Mr. Adams' Barbados Labour Party warned that "the concentration of services and development in the Bridgetown area is one of the greatest threats to the proper physical development of Barbados." Now that it is in towards de-urbanisation.

The aim is to upgrade the towns of Oistins, Speightstown, Holetown, Belleplaine and Welchman Hall and to create new centres in St. George and St. Phillip. Already work has started on the first phase of the Oistins redevelopment, providing a new pier with bunkering facilities, a new fishing terminal complex, better parking and marketing arrangements for this fishing centre on the south coast. Partly financed by the European Development Fund, *initial work is costing B$5m.* Another B$10m will be spent on the rest of the project, which is scheduled to be completed by the end of the 1980s and will include the relocation of the post office and library, the construction of a new bus terminal and a new by-pass road and the expansion of shopping and housing areas.

Speightstown is somewhat larger than Oistins and is the main centre on the north of the island. Even so, people wanting to see a movie or buy a fashionable new dress find they have to go to Bridgetown. In addition, although it is on the west coast, Speightstown has not benefited as greatly as it might have from the economic proximity of tourism. Work on a plan which will establish priorities for its development has started and should be completed by next June: construction of a 300 double-room holiday village at Heywoods, on the town's outskirts, should start next year.

Divided

The holiday village, costing B$30m (half to come from the World Bank), is the first tourism project directly involving Government finance since the Hilton Hotel was constructed in 1966. The village will be divided into clusters, each to be leased by the Government for management and each sharing central facilities such as restaurant, tennis courts, supermarkets and swimming pools. With 600 tourists so close by in season, the development should provide a further boost to Speightstown.

The opening earlier this year of a modern health clinic at Litchfield, St. Peter, not far from Speightstown, has further contributed to the Government's emphasis on decentralisation. That was constructed with funds from the EDF and more are planned in country areas to take some of the pressure off the central Queen Elizabeth Hospital in Bridgetown.

Even if the educational system has succeeded in producing such a high rate of literacy, there is nevertheless a good deal of sense in the claim that it is not entirely *relevant to present needs.* Its concentration has been almost purely academic and there is a limit on the number of white-collar workers the civil service and business can absorb. Now the demand is growing for electricians, welders, plumbers and the like and the supply has not been keeping pace.

The Government's polytechnic institute has been hampered by lack of space and proper facilities but that problem should be relieved shortly with the commencement of work on a new complex costing B$10.6m and financed by the Inter-American Development Bank. When it is complete, hopefully by 1981, enrolment can be increased and new courses added. At the same time Government plans to expand education at the primary level, with greater emphasis on technical skills.

Tony Cozier

WORLD STOCK MARKETS

Trade figures leave Dow 14 lower

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—77½% (78½%)
Effective $1.9515 33¼% (33¾%)

REFLECTING DISAPPOINTING October U.S. trade figures, Wall Street moved sharply and broadly lower yesterday in another moderate business, extending Tuesday's late slide.

The Dow Jones Industrial Average, after retreating 10 points the previous day, fell 14.03 further to 790.11. The NYSE All Common Index finished 75 cents weaker at $52.38, while declines outscored rises by a substantial margin of 1,261 to 257. Turnover contracted to 21.16m shares from Tuesday's level of 22.74m.

Prior to the stock market opening, the Commerce Department reported that the U.S. trade deficit widened to a seasonally adjusted $2.13bn in October from $1.69bn in September. Treasury Secretary Blumenthal, however, said the deficit "appears to be consistent with, if not below, our expectations for the fourth quarter."

Michael Metz, of Oppenheimer and Co., commented that although Blumenthal "glossed over" the deficit, the figures disappointed thos who had hoped to "see a real turn."

The trade news depressed the dollar, and analysts noted that it came a day after a discouraging report on consumer price inflation.

Late in the session, the Government reported that its index of leading indicators rose 0.5 per cent in October, compared with a 0.9 per cent rise in September, but analysts said the figures were in line with expectations.

A survey of purchasing agents showed that although business continued to improve, an increasing number of agents have become more nervous about the future, especially on the inflation front.

Among Glamour and Blue Chip issues, **Exxon** lost $1 to $49, **Sears Roebuck** ⅞ to $20⅝ and **General Motors** ½ to $54⅞. **IBM** gave up 2⅜ to $265¼, **Du Pont** 1½ to $118, **Ford Motor** ½ to $40½, **Eastman Kodak** 1⅞ to $57 and **Polaroid** 1¼ to $46⅞. Volume leader **Inco** eased ¼ to $15. A 160,000 share block was moved at $14⅞.

Borg-Warner slipped ⅛ to $28⅞, but **Firestone Tire** gained ¼ to $13⅜ in active trading. The two companies said they will consider plans to merge under a new holding company.

Occidental Petroleum shed ⅜ to $15½ and **Mead** 1½ to $24. An investigation by the Securities and Exchange Commission into possible securities law violations by Occidental could block or delay its planned take-over of Mead.

NL Industries eased ⅛ to $19 ex-dividend. It has agreed to buy Texas International's well and work-over business for $101m. **Texas International** rose ⅜ to $8⅛.

National Medical Enterprises lost ½ to $20½. It is to tender for a majority of Medfield's shares if Medfield holders reject a merger. **Medfield**, on the American Exchange, gained $1 to $20. **Asarco** eased ½ to $13⅞. It is to invest $80m to develop a Montana copper and silver mine.

Sterndent retreated 2⅜ to $22⅝. Cooper Laboratories has bought another 149,500 Sterndent shares, raising its stake to about 20.4 per cent. **Cooper** put on ¼ to $20¼.

THE AMERICAN SE Market Value Index declined 1.31 further to 146.13, also in moderate activity. Volume 2.80m shares (2.78m).

Among the actives, **Amdahl** lost ⅜ to $46, **Bow Valley** ⅛ to $17⅞, **Houston Oil** ⅞ to $16⅛ and **Spector Industries** ⅞ to $6⅛. **Syntex**, despite improved fiscal first-quarter profits, shed ⅞ to $32⅛.

Volume leader **Executive Industries**, however, rose $1 to $8⅛. It is to buy back 500,000 of its shares at $8.60 each. **Resorts International "A."** in second place, put on 1⅞ to $30⅛.

Canada

Stocks were predominantly easier in fairly active trading in line with New York. The Toronto Composite Index slipped 4.2 to 1,263.2, while Golds declined 17.3 to 1,251.5, Oils and Gas 8.0 to 1,728.6, Banks 0.82 to 302.31 and Metals and Minerals 4.9 to 1,058.4. Papers, however, hardened 0.38 to 147.44.

Victoria and Grey Trust "A" rose ⅜ to C$17⅞ on higher annual net profits and dividend and plans for an extra payment.

Among other companies reporting improved earnings, **Page Petroleum** gained ⅜ to C$7⅛, **Scintrex** 10 cents to C$3.25 and **Magna International** ⅜ to C$42⅛.

Mattagami Lake Mines "A" picked up ⅜ to C$14⅞. Company directors have approved a merger with Noranda Mines.

Tokyo

Market was in firmer vein early yesterday, but subsequent profit-taking left stocks closing mixed on balance. The Nikkei-Dow Jones Average was just 1.30 up on the day at 5,946.78, while the Tokyo SE Index was 0.07 easier at 440.64. Business was fairly active, with around 370m shares traded against Tuesday's 450m.

Matsushita Electric rose Y30 to Y707, encouraging some other Light Electricals, such as **Pioneer Electronic**, up Y30 at Y1,590, and **Columbia**. However, **Sony**, Y1,540, and **TDK Electronic**, Y1,860, lost Y20 apiece.

Real Estates, Printings and Paper-Pulps continued to ease, while Heavy Electricals also declined. Chemicals tended to lose early gains towards the close, but Machineries were higher and small Steels scored some rises.

Kumiai Chemical added Y70 at Y800, **Nippon Television Network** Y70 at Y6,810, **Tokyo Electric** Y32 at Y422, **Kagome** Y30 at Y1,260 and **Kyushu Matsushita Electric** Y30 at Y930.

On the other hand, **Kaken Chemical** lost Y70 to Y2,230, **Matsushita Kotobuki** Y70 to Y1,658, **Yokogawa Bridge Works** Y40 to Y1,700, **Kanto Denki Koji** Y30 to Y830 and **Dai-Nippon Sugar** Y27 to Y101.

Germany

Stocks came back from a firm start to close with mostly small irregular net movements after light trading. The selective strikes in the German iron and steel industry continued to generate uncertainty in the market.

Daimler led Motors lower with a decline of DM 1.50, while elsewhere, **Degussa** shed DM 2.50 and **KHD** DM 1.50.

However, **GHH** and **Linde**, in Engineerings, gained DM 2.50 apiece, while **Demag** hardened DM 1.

Public Authority Bonds fell afresh by up to 50 pfennigs in the wake of general market dissatisfaction at the prospect of a large issue of "Carter Bonds" next month. The Regulating Authorities bought a nominal DM 13.7m of stock (DM 5.4m). Mark Foreign Loans were also lower.

Paris

Bourse prices were a shade harder for choice following slack trading.

Banks, Portfolios, Constructions, Electricals, Oils, Metals and Textiles showed a higher tendency, but Publishing and Stores mostly softened.

Carrefour, in Foods, improved 20 to FFr 2,120, while **Cruesot Loire**, in Metals, put on 1.5 to FFr 57.5. Banks had **Paribas** 1.9 up at FFr 202.4.

In contrast, **Poclain** declined 4.5 to FFr 218.0 and **Rhone Poulenc** 2.5 to FFr 116.0.

Australia

Markets were firmer-inclined yesterday, although business remained quiet.

BHP advanced another 8 cents to A$8.34, while **Pioneer Concrete** were 6 cents higher at A$1.52 ex dividend.

Among Banks, **BNS Wales** rose 14 cents to A$6.54 and **ANZ** 10 cents to A$3.82.

Property developer **Westfield**, however, receded 16 cents to A$8.14 in heavy trading, succumbing to profit-taking after the recent sharp rise on the reorganisation proposals. **Stocks and Holdings** relinquished 5 cents to A$3.75 after Treasurer Howard indicated that he would not allow the tax-saving reconstruction of Westfield to become standard practice for property-rich companies. **Lend Lease**, in contrast, put on 5 cents more to A$2.70.

Breweries encountered some nervousness and closed mixed after a report that the sharp increase in beer and spirits excise in the August Budget had generated some solid buyer resistance.

CRA improved 5 cents to A$3.15, while most of the smaller diamond explorers also made headway. **Northern Mining** advanced 7 cents to A$1.25, **Carr Boyd** 6 cents to 39 cents and **Western Queen** 4 cents to 20 cents.

Elsewhere in Minings, **MIM** moved ahead 9 cents to A$2.45, but **Central Norseman**, reflecting lower gold prices, retreated 30 cents to A$11.50.

In the Shale Oil sector, **Southern Pacific Petroleum** jumped 45 cents to A$1.85 and the new rights shares added 10 cents at 60 cents. **Central Pacific** were untraded in Sydney, but the buying quote was up 50 cents.

Milan

All leading Industrials lost ground in fairly active trading, with Fiat's denial of plans to pay an interim dividend depressing market sentiment.

Fiat declined 116 to L2,723, while **Snia Viscosa** receded 25 to L820.

Banks and Insurances also eased, but Financials were mixed, with **Bastogi** and **Generale Immobiliare** both higher.

Bonds were narrowly mixed in quieter trading.

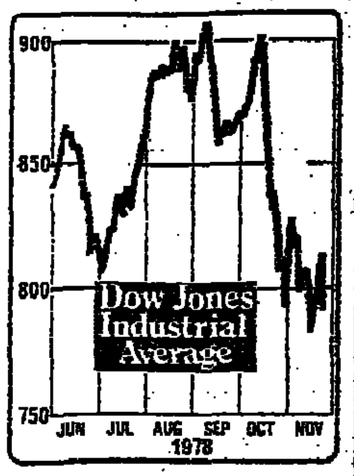
Amsterdam

Shares continued to soften over a broad front in light trading volume.

Among Dutch Internationals, **Akzo** receded Fl 0.30 and **Unilever** Fl 0.60.

Banks remained steady, but Insurances were down with **Ennia** losing Fl 1 and **Nedlloyd** Fl 0.70.

Elsewhere, **Pakhoed** receded Fl 1.40 to Fl 42.70, but **Heineken**, on reports of increasing beer consumption in Holland, advanced Fl 3 to Fl 93.



Indices

NEW YORK—DOW JONES

	Nov. 29	Nov. 28	Nov. 27	Nov. 24	Nov. 22	Nov. 21	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
◆Industrials	790.11	804.14	813.84	810.12	807.00	804.05	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	88.44	88.59	88.71	88.98	88.98	87.02	90.26 (4/1)	86.12 (13/11)	—	—
Transport	208.77	211.87	215.04	214.60	212.56	211.04	261.48 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	98.28	98.30	98.73	98.32	98.48	98.15	110.98 (5/1)	96.35 (14/11)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	21,160	22,740	18,790	14,536	20,010	20,750	—	—	—	—

- Basis of Index changed from Aug. 24 ◆ Day's high 801.83 low 788.82

Ind. div. yield %	Nov. 24	Nov. 17	Nov. 10	Year ago approx.
	5.83	5.90	5.90	5.40

STANDARD AND POORS

	Nov. 29	Nov. 28	Nov. 27	Nov. 24	Nov. 22	Nov. 21	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	104.01	105.84	106.67	106.58	106.04	105.50	118.71	95.52	134.64	3.52

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Nov. 29	Nov. 28
Abbott Labs	32	32¼
Addressograph	22½	22½
Aetna Life & Cas	37½	38⅜
Airproducts	24¼	25¼
Alcan Aluminium	32⅞	33
Alcoa	45¼	45⅝
Alleg. Ludlum	15⅛	15¼
Corning Glass	53⅝	54⅝
CPC Int'n'tio'al	47¼	48¼
Crane	24½	24⅝
Crocker Nat.	24⅝	25
Crown Zellerbach	30⅛	30¼
Cummins Engine	32½	33¼
Curtiss Wright	13⅞	14
Dana	27¼	27¼
Dart Industries	39¼	39⅝
Johns Manville	23½	24⅛
Johnson Johnson	76¾	77½
Johnson Control	22¼	23¼
Joy Manufacturing	29½	30¼
K.Mart Corp.	23	23½
Kaiser Aluminium	33¼	33
Kaiser Industries	2	2½
Kaiser Steel	18⅝	18½
Kay	12⅛	12¼
Kennecott	22	23½
Revlon	50½	52
Reynolds Metals	32⅛	32¾
Reynolds R. J.	54⅞	55⅝
Rich'son Merrell	23¼	23¾
Rockwell Inter.	32⅝	33⅛
Rohm & Haas	32¼	32¾
Royal Dutch	59⅞	60
RTB	10⅝	10¾
Ross Togs	10½	10½
Woolworth	18⅞	19⅛
Wyly	5¼	5½
Xerox	52¼	53¼
Zapata	11⅝	11⅞
Zenith Radio	13⅛	13½
U.S. Treas. 4% 1980	79⅝	93⅞
U.S. Treas. 4¾% 1980	93	79⅞
U.S. 90-day bills	8.98%	9.12%

GERMANY ◆

Nov. 29	Price Dm.	+ or —	Div. %	Yld. %
AEG	78.1	—1.2	—	—
Allianz Versich.	490	—2	31.2	3.2
BMW	219.5	—1.0	28.12	6.4
BASF	134.2	—0.3	18.76	7.0
Bayer	138.8	+0.3	18.75	6.7
Bayer-Hypo	315.0	+4.5	28.12	4.5
Bayer-Vereinsbk.	319	—1	28.12	4.4
Ciba-Geigy Int. Ned. wrts	160	—	—	—
Commerzbank	225	—1	26.56	5.9
Conti Gummi	66.6	—0.2	—	—
Daimler-Benz	327.0	—1.5	28.12	4.3
Degussa	254.0	—2.5	26.56	5.2
Demag	172	+1	17.18	10.0
Deutsche Bank	306.5	—0.5	28.12	4.6
Dresdner Bank	242.5	+0.5	28.12	5.7
Dyckerhoff Zemt.	181.0	—0.5	9.38	2.6
Gutehoffnung	239.5	+2.5	18.26	3.8
Hapag Lloyd	99	+3	14.06	7.1
Harpener	148.5	—0.5	15.65	5.2
Hoechst	133.7	—0.7	18.76	7.0
Hoesch	48.5	+0.2	—	—
Horten	152.5		9.36	3.1
Kali und Salz	139.5	+0.5	14.04	5.0
Karstadt	325.5	—0.5	23.44	3.6
Kaufhof	246.5	—1.5	18.76	3.8
Klockner DM 100	90.0	—0.6	—	—
KHD	195.5	—1.5	18.76	4.8
Krupp DM 100	100	—3	—	—
Linde	284.5	+2.5	25	4.4
Lowenbrau DM 100	1,560	+10	25	8.0
Lufthansa	94.8	+0.3	9.38	5.0
M.A.N.	229.5	+0.5	18.76	4.1
Mannesmann	173.7	—0.4	17.18	4.9
Metallges	250	—1	15.62	3.1
Munchener Ruck.	653	—7	28.12	2.2
Neckermann	160.0		—	—
Preussag Dm. 100	140	+1	—	—
Rhein West. Elect.	179.2	+0.7	25	6.9
Schering	259.5		28.12	5.4
Siemens	286.5	—1.0	25	4.4
Sud Zucker	251		17.96	3.6
Thyssen A.G.	116.3	+0.3	17.18	7.4
Varta	180.2		15.16	4.6
VEBA	129.2	—0.3	9.38	3.6
Verein & West Bk.	295		28.12	4.8
Volkswagen	236.5	—1.2	25	5.2

TOKYO ¶

Nov. 29	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	368	—1	14	1.9
Canon	446	—1	12	1.3
Casio	890	+9	25	1.4
Chinon	376	—6	20	2.7
Dai Nippon Print	580xd	—6	18	1.5
Fuji Photo	561	+8	15	1.3
Hitachi	243		12	2.5
Honda Motors	485	+5	18	1.8
House Food	1030xd	+10	35	1.7
C. Itoh	239		12	2.5
Ito Yokado	1,800	+20	30	0.8
Jaccs	755		13	0.9
J.A.L.	2,820		—	—
Kansai Elect. Pw.	1,150	—10	10	0.4
Komatsu	378	—4	18	2.4
Kubota	287		15	2.6
Kyoto-Ceramic	3,520	—10	35	0.5
Matsushita Ind.	707	+30	20	1.4
Mitsubishi Bank	280		10	1.8
Mitsubishi Heavy	123		12	4.9
Mitsubishi Corp.	425	+1	13	1.5
Mitsui & Co.	297	—1	14	2.3
Mitsukoshi	585	—19	20	1.7
Nippon Denso	1,380		15	0.5
Nippon Shinpan	620	—15	12	0.7
Nissan Motors	647	—3	16	1.2
Pioneer	1,590	+30	48	1.5
Sanyo Electric	262	+2	12	2.3
Sekisui Prefab.	665	—3	30	1.6
Shiseido	1,200xd	—30	20	0.8
Sony	1,540	—20	40	1.3
Taisho Marine	244	—4	11	2.2
Takeda Chemical	420	+5	15	1.6
TDK	1,860xd	—20	30	0.8
Teijin	129	—2	10	3.9
Tokyo Marine	508	—3	11	1.0
Tokyo Elect Pow'r	1,050	+10	8	3.8
Tokyo Sanyo	355		12	1.8
Toray	168	—6	10	3.0
Toshiba Corp.	146	—1	10	3.4
Toyota Motor	875	—4	20	1.1

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

Nov. 29	Price Frs.	+ or —	Div. Frs. Net	Yld. %
Arbed	2,070	—130	—	—
Bekaert "B"	2,480	—20	116	4.6
C.B.R. Cement	1,120	—4	100	8.4
Cockerill	409	—5	—	—
EBES	2,385	—16	177	7.5
Electrobel	7,010		430	6.1
Fabrique Nat.	3,050	—10	170	5.6
G.B. Inno Bm.	2,545		150	5.9
Gevaert	1,320		85	6.4
GBL (Brux L.)	1,595	+5	90	5.7

AMSTERDAM

Nov. 29	Price Fls.	+ or —	Div. %	Yld. %
Ahold (Fl. 20)	109	—2.9	18	5.1
Akzo (Fl. 20)	28.3	—0.3	—	—
Algem Bnk (Fl. 100)	369		A25	6.4
AMEV (Fl. 10)	85.2	—1.6	50	5.9
Amrobank (Fl. 20)	76.5		A26	6.2
Bijenkorf	87	—2	26	6.0
Boka Westm (Fl. 20)	123	+1.5	80	6.6

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
American Express Bk.	12½%	† C. Hoare & Co.	12½%
Amro Bank	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	10 %
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13 %
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10½%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½%, and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1545

هكذا من الأصل

FINANCIAL TIMES SURVEY

Thursday November 30 1978

Process Plant

Although 1978 is expected to see an increase in total spending on process plant this is not likely to continue into next year. The North Sea has proved a valuable market but the industry is often a victim of cutbacks in the nationalised industries, as was demonstrated recently in steel.

Demand likely to decline

By Hazel Duffy, Industrial Correspondent

PARTS OF the process plant industry have enjoyed healthy levels of activity in the current year, but others—particularly at the heavy end—are still operating at levels well below capacity.

This picture emerges in spite of forecasts from the Economic Development Committee for the industry, published in July, which showed that spending on process plant during 1978 was expected to increase in line with increased total capital spending by the process industries. The rise in spending was forecast to be quite large, and followed on a shortfall in 1977 of actual spending levels over the forecast levels.

Beyond 1978, however, the prospects are distinctly gloomier according to the EDC's forecasts. Total spending on process plant for the three years 1978-80 was put at £4,643m, with 1979 and 1980 at lower levels than 1978. Since the forecasts were drawn up, they have already had to be revised following on the cancellation by the British Steel Corporation of two important projects at Port Talbot and Scunthorpe, and the final abandonment of the Canvey Island oil refinery project.

The expected fall in 1979 and 1980 is due primarily to a decline in spending in the oil and gas production sector. The uncertainty about the rate of further exploration and development of the North Sea makes it difficult to forecast beyond the next couple of years.

The industry has high hopes, however, that the expertise which it has acquired in the North Sea will enable it to capture contracts for offshore oil developments in other parts of the world. An industry delegation is in India at the moment discussing the hardware requirements which will be needed for harnessing gas from the oilfield off Bombay.

Exports

Exports of the process plant industry vary between 20 and 30 per cent of total production and are therefore of vital importance, particularly with the prospect of the home market falling off. Prime markets are North America and the Middle East, but partly as a result of the slowing down of expansion in the latter area, and partly because there is always a need to find new markets for an industry which is suffering from worldwide over-capacity, real efforts are being made to capture more business in the developing markets of Iran, Venezuela, the USSR, India and, of course, China.

One of the industry's constant problems is the interruption to the spending plans of the nationalised industries, of which the cutbacks in the steel industry's programme are the most recent example. It also complains that its exports have suffered as a result of the nationalised industries, which are very big customers of the industry, not always specifying equipment which can be sold overseas. There have been moves in this direction recently, however, such as the consultancy operations set up by some of the nationalised industries, which have gone some way to improving the amount of liaison.

A more recent problem for the industry's export image was the Think Tank Report published at the end of 1976, which advocated a merger of the turbine generator manufacturers and the boilermakers. Both mergers failed to materialise in spite of Government encouragement, while the industry's export image suffered considerable harm as a result of the analysis in the report.

This report had followed close on the heels of the Atkins survey published in October, 1976, which was critical of the industry overall. The degree of sensitivity which the industry feels as a result of these much publicised reports can be judged from the fact that the EDC does not intend to publish the progress report which it will be submitting to the National Economic Development Council early in the new year.

The growth of imports has been of particular concern to the EDC, which was formed last year as a successor to the process plant working party. Import penetration has been particularly significant in very large items of equipment which are valued at £1m apiece—in some areas the equipment is almost wholly imported. Discussions have been held between manufacturers and user industries in attempts to find out why British companies are hardly ever specified as suppliers, and it is believed that some progress has been made in bringing the two sides of the industry closer together.

The Process Plant Association, which represents most of the industry, is conducting a campaign aimed at Government about alleged cheap imports of process plant equipment. According to the PPA, the competition is coming from French and Italian companies in particular which are taking advantage of the removal of tariff barriers with Britain's entry into the EEC, and latterly have had access to supplies of cheap European steel. Steel is the major raw material in process plant manufacture, and therefore has a substantial effect on the final price. These have been sometimes as much as 30-40 per cent below British prices, says the PPA, which is asking that where Government assistance is being given to industrial projects, then it should be specified that the purchased equipment is British.

The chemicals industry continues to be one of the most important customers of the process plant industry, with about 45 per cent of the industry's total spending going on process plant. A large proportion of the investment is in petrochemical projects, which have been brought to the fore by the development of North Sea oil.

The three-year forecasts from the Chemical Industries Association indicate that spending will be sufficient to provide healthy enough orders for process plant, but in the longer term there are uncertainties over both the level of capital spending and the location of plants by the chemical industry.

The process plant industry is split about equally between fabrication, where over-capacity in a global context is most severe, and the manufacture of process plant equipment for supply to contractors. Recent figures show that the proportion of hardware orders placed by contractors with UK manufacturers for overseas work is now only around half—out of a total £509m worth of orders from contractors, £262m went to UK manufacturers in 1977-78, and £247m to overseas manufacturers. The latter won out against the UK industry mostly for competitive reasons such as price, delivery and quality, rather than the conditions of licences. A couple of years ago, the proportion was more like one-third.

The importance of the industry in the UK economy is demonstrated by its £2bn turnover and around 100,000 employees. It has also been selected under the industrial strategy for special attention. But the industry is fragmented while in certain areas there is definite over-capacity. These factors make it more difficult to create the sort of competitive industry which can win orders overseas, although at the same time there are particular companies which can compete alongside the Americans, Japanese, French and Italians.

Unemployment

Identifying the weaknesses of the industry, however, and making recommendations, are much easier than seeing them implemented, as the experience following the Think Tank report has shown. Much of the industry is located in areas such as the North East where unemployment is high, and at times this may well be a consideration which will override economic logic.

Major oil demands

THE UK PLANT and equipment engineering industry has adapted rapidly to the demands of offshore oil developments and from the start has been one of the most successful supply sectors. Onshore too it has met major demands on its skills and experience in building three massive terminals to receive and process crude from some of the largest fields in the North Sea.

These developments have tended to overshadow the construction programme that is also under way at four oil refineries in South Wales, the Thames Estuary and Humberside. The refining industry has been operating for many months under the cloud of severe overcapacity and there have been several plant closures, particularly on the Continent. But in the UK a large part of the industry has embarked on an investment programme worth several hundred million pounds. Companies such as Mobil, Texaco, Total and Amoco are building new refinery units to upgrade the heavier oils into lighter products, such as petrol, for which demand is growing far more quickly than for the heavier fuel oils.

The fabrication of plant and equipment has traditionally been a strong sector of the UK engineering industry and it is certainly this activity which, more than any other, has provided the UK with a growing share of the domestic offshore supplies market for goods and services. The general UK share has been growing in recent years and last year domestic suppliers took 62 per cent of a total market worth about £1.3bn. But in the sector of the market covering process plant and power generation equipment, for example, the UK share was as high as 72 per cent, with domestic industry taking orders worth £109m out of a total market of £151m.

The high UK share has been achieved in the face of intense international competition. In addition the supply from the UK of an extensive range of specialised oilfield equipment for overseas markets is also developing.

The pace of offshore exploration overseas has been quickening as new areas have been opened up in North and South America, the Far East, India and Australia. Export markets will represent increasingly important outlets for UK plant manufacturers with experience in the North Sea, and overseas sales will also help to pull companies through fallow periods in the home market. In order to ensure a steady flow of work, the suppliers of process plant and power generation modules are totally dependent on orders for production platforms being placed by the oil companies. These orders virtually dried up in 1975 and 1976. But after this bleak period for major contracts decisions were made last year to go ahead with the development of the North Ninian, Murchison and Tartan Fields. These platform orders, which were shared around three steel fabrication yards in Scotland and one French yard at Cherbourg, have been followed this year by Shell/Esso's decision to go ahead with the development of the Fulmar Field.

Forecasts of future field development decisions have always been over-optimistic. But one of the latest official estimates contained in the report "The Economic Impact of North Sea Oil on Scotland" prepared for the Scottish Economic Planning Department, suggested there could be between 18 and 24 platform orders to come between 1977 and 1986. Two field development plans are presently being studied by the Department of Energy and these should be approved in the next few weeks.

Phillips Petroleum is proposing to develop the Maureen Field using a steel gravity platform designed by the Italian company, Tecnomare. If the plan is approved this will be the first time such a design has ever been used in the North Sea, although it has been tested in waters off the coast of West Africa. British Petroleum has also submitted plans to exploit the Magnus discovery. The development of this most northerly commercial find on the UK continental shelf could cost as much as £1.3bn.

Construction

Onshore the oil industry entered a new era earlier this week with the arrival of the first oil by pipeline at the Sullom Voe terminal in the Shetland Islands. This massive construction site, which shares the same latitude as Leningrad and the southern tip of Greenland, is destined to become the biggest crude oil terminal in Europe. By the early 1980s it will be handling more than half of the UK's crude oil requirements. Supplies will flow ashore along two pipelines from fields in the East Shetlands basin, including Brent, Dunlin, Cormorant, Thistle, Murchison, Heather, and Ninian.

The terminal is one of the biggest construction projects that has ever been undertaken in Europe, and the task has been made especially difficult by the remoteness of the site and the bleak weather conditions that must be endured for much of the year.

As with many of the schemes associated with North Sea development, the oil companies underestimated the sheer complexity of building the Sullom Voe terminal. According to the earliest plans approved in 1974 the terminal was to have been built in two years at a cost of about £250m. The construction workforce was expected to peak in mid-1975 at about 1,200.

Instead, as negotiations dragged on between the oil industry and the Shetland Islands Council and the size of the task began to dawn on the companies, new plans had to be drawn up which suggested a project on quite another scale. The result is that the terminal, which by 1981 should be capable of handling 1,390,000 barrels a day of crude oil, is now estimated to cost at least £800m and this amount could well rise to £1bn by the time construction is completed.

There is now a payroll of about 6,000 at the site, and about 80 per cent of this workforce is at Sullom Voe at any one time. The terminal is little more than 40 per cent complete, but a crash building programme during the summer has ensured that the minimum facilities are ready for the reception of stabilised crude oil. Eventually when all the gas processing facilities are complete the crude will flow untreated straight to the terminal. Here the various gases, such as methane, propane and butane will be separated out, liquefied and stored ready for shipment from the terminal by special gas carriers. Some of the gases will also be used for power generation at the site. To speed construction CJB, the main contractor for the processing facilities, is using a system of modular building, to allow complex equipment to be pre-assembled in the easier mainland environment.

Pre-assembled pipe racks are beginning to appear at the site, and as the delivery of the various equipment units increases to a peak next summer there will be a major logistical problem in ensuring that all the pre-assembled parts are on site when needed. In the meantime, however, as oil production from the East Shetland Fields builds up, much of the associated gas that is produced along with the oil will have to be flared into the atmosphere, especially from the Cormorant, Heather and Ninian Fields.

The other major construction job onshore that has been badly hit by delays and rising costs is Phillips Petroleum's crude oil terminal at Seal Sands on Teesside. Construction here is three years behind schedule and costs have doubled to more than £300m. The 220-mile crude oil pipeline from Phillips' Ekofisk Field in the Norwegian sector of the North Sea was commissioned in 1975. But it is not expected that the terminal will be able to start taking unstabilised crude before the second quarter of next year.

Eventually the terminal will have the capacity for dealing with 1m barrels of oil a day. But until the natural gas liquids separation and treatment facilities are completed from the middle of next year the terminal can handle little more than 400,000 barrels a day of "dead" crude—oil that has already been stabilised offshore.

On the island of Flotta in the Orkney Islands, the third major terminal to be built to receive North Sea crude oil is nearly completed. The terminal serves Occidental's Piper and Claymore Fields, but it is possible that oil will eventually be piped to Flotta from other fields as well, such as Texaco's Tartan Field. The Piper portion of the terminal is finished and provides 5 storage tanks, each with a capacity of 500,000 barrels.

Two further storage tanks are being erected with a capacity of 1m barrels to take production from the Claymore Field. The terminal also has a gas-oil separator plant, and a gas liquefaction plant for propane and butane. The $150m gas conservation programme that Occidental is now completing for the two fields will mean that production of propane from the Flotta terminal will be doubled from 6,000 to 12,000 barrels a day.

Further downstream the oil industry is also engaged on an ambitious programme of refinery expansion in the UK, which has opened up important opportunities for the process plant industry.

The oil companies are not adding primary distillation capacity which is already in severe overcapacity throughout Western Europe — indeed two projects for new refineries in the UK, one from Occidental for Canvey Island and one from Cromarty Petroleum for the Cromarty Firth have both been abandoned this year. But there is a shortage of secondary refinery capacity in the form of cracking capacity for upgrading heavy oil products, such as fuel oil, into the lighter products, chiefly petrol and naphtha (the petrochemical feedstock) for which demand has been growing far more quickly.

As part of this programme Mobil is building a £122m fluid catalytic cracker at its Coryton refinery. The cracker will enable Mobil to make 60 per cent more petrol from every barrel of crude than it can achieve with its existing plant.

On Humberside the Lindsey oil refinery, a joint venture between Petrofina and Total, is building a £70m cracker capable of handling 1m tonnes a year. The new plant should take three years to complete, but when it is finished it will enable the refinery to make at least one-third more petrol from the same amount of crude oil processed.

Amoco and Murphy Oil have entered into a long-term refining agreement at Amoco's refinery at Milford Haven. They are building a joint £75m catalytic cracking unit for which the main contract has gone to Procon (Great Britain). Work should begin early next year and be completed in 1981.

The most ambitious of all these projects, however, is the joint venture undertaken by Texaco and Gulf at Pembroke. The two oil majors are engaged on the building of a £300m cracker with a capacity of 65,000 barrels a day. Like the others this will convert heavy fuel oils into lighter products such as petrol, diesel and domestic heating oil. This expansion of cracking capacity is common to most of Western Europe and the industry's chief worry now must be that it has embarked on too rapid a building programme, that will lead to overcapacity problems similar to those now being endured in primary distillation.

Kevin Done

Expansion in gas

THE GAS industry is engaged on a major expansion programme over the next five years to find markets for the increasing quantities of natural gas that will be coming ashore from fields in the northern North Sea, such as Frigg and Brent.

Much of the construction work onshore has been completed, but British Gas is still planning to spend another £1.6bn over the five years to 1982-83 on new plant and equipment. About two-thirds of this expenditure will be on transmission, distribution and storage equipment while about one-fifth will be devoted to British Gas's own offshore exploration programme. The Corporation is planning for sales of more than 18bn therms a year by 1982-83 compared with 15bn therms in the last year 1977-78. The main expansion will be in the domestic market, where in four years' time gas should be supplying half the energy used in all households. Capital investment by British Gas last year totalled £301.2m compared with £243.7m in 1976-77.

Gas supplies from the southern North Sea fields have been flowing to the various terminals in England—Easington, Mablethorpe and Bacton—since the late 1960s and early 1970s. The present building programme encompasses the northern North Sea's biggest gas field, the Anglo-Norwegian Frigg Field, and associated gas from such discoveries as Brent and Piper. These developments are exclusively located in Scotland, but construction work will move south of the border again in the early 1980s as British Gas starts to develop its gas discovery in Morecambe Bay off the north-west coast of England.

The first supplies of gas from the Frigg Field arrived at the terminal at St. Fergus, near Peterhead, a little over a year ago from the UK sector of the field. Since the autumn pipeline deliveries have been boosted by the start of production from the Norwegian part of the field.

Supplies began to build up in October to a level of 35m cubic metres a day and output should reach a peak of 43m cubic metres a day by the end of next year. By then the Frigg Field will be accounting for about 30 per cent of British Gas's present supplies.

The St. Fergus terminal is the

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Fresh hopes in chemicals

THE NEWS this week that BP Chemicals is to build a £50m ethanol plant at its Grangemouth site in Scotland should have provided some cheer for the UK's chemical process plant industry.

For some time now the chemical industry throughout Western Europe has been suffering from overcapacity plus weak prices in many product areas and this has led most of the major companies to take a cautious view on future capital investment. It has also led to the cancellation of a number of large projects. Yet amid the general gloom there have been a number of forecasts of better times to come somewhere around the mid 1980s. There have also been calls for capital expenditure programmes to be started now so that European chemical concerns in general and British ones in particular will be able to steal a march on their competitors once the boom begins.

The heartening point about BP Chemicals' decision to build a major ethanol plant in Scotland is that the company is actually spending money on preparing for an improved chemicals market in the 1980s instead of merely talking about it—a fact which must give process plant companies some ground for optimism.

Not that the present picture is entirely bleak. Forecasts prepared by the Process Plant Economic Development Committee this summer put total fixed capital expenditure for the chemical industry at £3.010bn during the three years 1978-80. The Committee's forecasts were never officially published because of substantial cutbacks in general industrial investment that were announced just as they were about to be released.

Yet the Committee's figures, based on a survey carried out in March by the Chemical Industries Association, still provide a reasonable, if slightly optimistic, guide to forthcoming investment in chemical plant. The forecasts showed that investment in 1978 was expected to be £931m while estimates for 1979 were set at £1.078bn and for 1980 at £1.001bn.

Capacity

"It is thought by the industry that this investment programme provides more than adequate production capacity in *aggregate for both home* demand and a sustained increase in exports up to 1981," the Committee said, though it added: "However, the CIA does express some caution about further expansion in the current situation of world trade and the economic performance of the OECD countries.

"It should be noted that the CIA survey is one of company intentions early in 1978 which might be modified in either direction if world and UK economic and trading conditions change or as a consequence of improvement or deterioration of general business consequences."

The committee noted that the actual level of investment by chemical companies last year was some 10 per cent lower than what had been forecast. The process plant industry itself now reckons that the forecasts for 1978-80 will also prove to have been at least 10 per cent too high.

The main reason for the shortfall on forecast investment by the chemical industry in the UK last year was "postponements due to construction problems, reduced pressure from market demand and reduced profit expectations or cash availability." This year has produced its own crop of postponements and cancellations of major chemical plants.

In August, Imperial Chemical Industries halted construction work on its £80m vinyl chloride monomer plant at Wilton on Teesside. The company decided to go ahead with the engineering design work for the 150,000 tonnes a year plant but it *suspended the ordering of certain* key components and it instructed the main contractor, Fluor, to start negotiations with suppliers on the cancellation of some existing contracts.

Only six weeks earlier Shell Chemicals UK had decided to halt design work on a £200m petrochemicals plant planned *for its* Stanlow site on Merseyside. The decision to cancel the building of the 350,000 tonnes *a year* ethylene plant at Stanlow was taken because of the increasingly bleak picture of overcapacity in ethylene all *over Europe. Shell Chemicals* was particularly unwilling to go ahead with the project in the light of Esso Chemicals' plans to build an ethylene plant at Mossmorran in Fife.

As it happens the Mossmorran project is still being held up because of objections on the part of local residents to the granting of planning permission. Lengthy delays in obtaining planning permission—usually because of environmentalist lobbies—are becoming more and more frequent throughout Europe and the problem is one which is increasingly worrying the chemical industry. Clearly these delays must also have an adverse effect on process plant concerns.

Meanwhile Esso Chemicals, which estimates that it will have spent between £12m and £15m by the end of this year on design and engineering plans for the new plant, is still pressing ahead with the Mossmorran project.

Another major UK ethylene plant, which is at a far more advanced stage of construction, is that being built by BP Chemicals and ICI at Wilton on Teesside. The project, which will employ a steam cracking process designed by Stone and Webster, is nearly two years behind schedule — as is the acrylonitrile plant being built by Monsanto at Seal Sands on Teesside. Construction delays have been the chief cause of the two plants falling so far behind *schedule although the Wilton* project has also been affected by late deliveries.

Up to now, UK chemical process plant companies have not been hard hit by the British construction industry's notorious record on completion as compared to its European counterparts. But there are signs that the poor image of the construction industry is beginning to rub off on process plant companies — particularly now that international competition is becoming so intense with the shortage of orders. What is worse is that it always seems to be the really big chemical plant projects that are worst affected by construction delays. Smaller projects, such as BP Chemicals' £20m apiece benzene and polyethylene plants at Grangemouth, which are due to be finished at the end of this year, stand a much better chance of being completed on schedule. Mr. Harry Hornsby, who spent 30 years in the chemical industry before moving to the Process Plant Association, believes that a far bigger problem for UK process plant concerns operating in the chemicals sector is government-subsidised competition from abroad.

Indications

He says the indications are that European competitors for chemical plant and oil refinery projects are being subsidised by their governments in one form or another — particularly in France, Italy and the Netherlands. Mr. Hornsby says their prices for chemical plant contracts are sometimes 20 per cent, 30 per cent, or even 40 per cent below those of UK concerns and he reckons that only government subsidies could make this possible. He adds that there have been occasions when the prices of European companies for a particular contract have been lower than comparable UK concerns would need to cover material costs.

Mr. Hornsby is certain there will be a big growth in demand for chemicals in Europe. But he tempers this note of optimism by saying that in his experience the switch from shortage to surfeit in chemicals' demand invariably comes when it is least expected. This in turn cannot be good for a process plant industry that already suffers from violent swings in its own demand rate with all the accompanying problems of attracting and keeping adequate numbers of staff.

The Process Plant Association would like to see greater boldness on the part of chemical companies when taking investment decisions and this is a view supported by the UK chemical trades unions—particularly in regard to the production of plastics materials. The chemical majors themselves continue to be more wary but there are signs of a more optimistic attitude beginning to show itself. Perhaps one indication of this is that ICI, which is already pressing ahead with plans to sanction capital expenditure projects worth more than £800m this year, has started looking for a site for a new UK chemicals complex that is likely to be on the same scale as that at Wilton on Teesside.

Sue Cameron

Gas

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focal point onshore of the development of the northern gas fields. It will also receive gas from the Brent Field and from other smaller fields which may eventually be linked to the Frigg and Brent trunk-lines. British Gas itself has invested more than £400m in the construction of its part of the terminal and the associated transmission system.

At St. Fergus the gas from the offshore fields is regulated, treated and compressed to meet the requirements of the land transmission system. On a 500-acre site one of the largest gas treatment plants in Europe is being constructed. The site is large enough to allow the installation of all the processing equipment required and it forms a new supply base to the north of British Gas's main national transmission network. The Gas Corporation and the partners in the Frigg Field—Elf Aquitaine, Total, Norsk Hydro, and Statoil—have *each* developed about 120 acres of the site for the Frigg reception facilities. But there is still substantial space remaining for the facilities needed to handle the gas flow from the Brent Field and any other fields that might follow.

The requirements of a rapidly expanding gas industry based on natural gas supplies from the North Sea have offered important opportunities for process plant manufacturers in the UK for more than ten years. Clearly the pace of this development cannot be sustained indefinitely, however, and the timing of the next phases of the work are far from certain.

One of the biggest question marks concerns the development of the gas transmission and treatment facilities for Shell/Esso's Brent Field, the largest oil field discovered in the UK sector of the North Sea. The field has one of the highest ratios of gas to oil of any of the North Sea finds which has meant that a seperate pipeline system has had to be built to handle the gas supplies. Brent has about 3 trillion cubic feet of natural gas as well as about 600m barrels of condensate and natural gas liquids.

This particular mix of hydrocarbons—the field contains about 2bn barrels of recoverable reserves of oil, including the gas liquids—has necessitated an offshore development programme that in complexity rivals any in the world. But it is onshore where Shell is wishing to build the various process plant units that the scheme has run into most serious trouble.

As far as the St. Fergus terminal is concerned, the development is proceeding within its various deadlines. Shell/Esso has agreed a contract with British Gas to start supplying natural gas (methane) to the Corporation in October 1980. Supplies are supposed to build up to a minimum level of at least 500m cubic feet a day. Shell's fas terminal on the land beside the Frigg and British Gas units is under construction. Costing at present estimates a little over £100m, it should be ready by the middle of 1980.

The plant is designed to take out the natural gas stream for use by British Gas, allowing the remaining gas liquids to be piped 135 miles south to a separation plant in Fife. Here the ethane stream would cross a boundary fence to a petrochemicals plant proposed by Esso Chemicals. The propane and butane, which should find ready customers in the fuel markets of Western Europe and North America would be moved by a short pipeline to a marine terminal at Braefoot Bay.

But local resident living around Braefoot Bay have objected to the proposed plant, and a skilful and articulate protest campaign they have waged for two years has held up Shell's request for planning permission. A public inquiry into the scheme was held in July last year and Mr. Bruce Millan, the Secretary of State for Scotland, finally gave provisional outline planning permission in March.

Evidence

Since then, however, he has been considering new evidence on the possible dangers of explosions being caused by the transmission of radio sparks, and his verdict has been further delayed for another nine months. Shell/Esso can only be patient and await his decision, but they are caught up in the middle stages of a project that is already expected to cost some £3bn. The delay at Mossmorran means a major hold-up ton for the process plant industry, which is waiting for contracts that could total nearly £500m. Meanwhile, Shell/Esso have already accepted that they will not be getting the early gas sales they were banking on. More importantly, however, it means that gas re-injection will have to be increased at the field, which could have bad effects in the long-term on the performance of the oil reservoir.

After Brent the next major onshore terminal to be built will be British Gas's own project to exploit its Morecambe Field off the north-west coast of England. Sir Denis Rooke, chairman of British Gas, said earlier this year that the field has reserves of the order of 2-3 trillion cubic feet of gas. It will be developed in the early 1980s. It has not yet been decided in detail how the field will be operated, but the cost of production platforms, under-sea pipelines, a shore terminal and the feeder lines into the national transmission system will require an investment of several hundred million pounds.

At least five sites are under investigation for the onshore terminal to receive the Irish Sea gas, including Barrow, the south-east of the Lune estuary, near Glasson, Cockerham or Deeside, the south bank of the Ribble estuary near Southport and the Preesall-Pilling area near Fleetwood.

Kevin Done

Steel industry forced to look abroad

RARELY DOES an industry lose the prospect of £2bn-worth of work at one blow. But that is what happened to the British makers of steelworks plant and equipment a few months ago when the Government and the British Steel Corporation finally decided that the ambitious plans laid down in the early 1970s for the expansion of public-sector steelmaking were no longer realistic and must be scrapped.

The plant makers are still shaken by the home market cut-back. To their credit, however, it must be said that they have readjusted rapidly to the new situation in British steelmaking and, at the same time, have begun pursuing foreign business with renewed vigour.

Overseas

The biggest British group in the industry, Davy International, is collaborating closely with British Steel on overseas work. The two organisations, with other British manufacturers, are bidding for new business in many parts of the world including some of the most glittering potential orders of all in China.

The strength of demand for steel plant among the developing nations may well prove sufficient to take the sting out of the retrenchment at home.

The crisis in demand for steel throughout the West during the last three years of economic recession caught British Steel in a difficult position. Having agonised about the future for nationalised steelmaking during the early 1970s the corporation had embarked upon a major expansion designed to provide between 30m tonnes and 40m tonnes steelmaking capacity in the 1980s and 1990s at a small number of major sites.

As the crisis in the steel trade developed from 1975 onwards the British Steel plan looked increasingly unrealistic. The process began of chipping away at its edges. But major forward investment decisions for hardware were still being made and it was clear that the plan, should it be allowed to continue in approximately its original shape, would consume some £1bn a year investment capital during the late 1970s and the early 1980s.

By late 1977 Mr. Eric Varley, the Industry Secretary, was being advised that he must give priority to sorting out the mounting problems of steel. A committee was set up under Mr. Gerald Kaufman, one of Mr. Varley's junior ministers, to advise the Cabinet how to proceed. Meanwhile, the all-party Commons Select Committee on Nationalised Industries was casting its own critical gaze upon the British Steel investment programme and pressing the Government for more information.

When Mr. Varley introduced a White Paper—"British Steel Corporation: the Road to Viability" (Cmnd. 7149)—in the spring he carefully avoided putting figures to redundancy targets. He emphasised instead that the Government is taking a "step by step" approach to overhauling British Steel.

In practice this has meant that in little over a year the corporation has cut back its work force from 207,000 to 189,000 and is continuing to bring about manpower savings by closing ageing steelworks. At the same time the investment programme—one figure that Mr. Varley was prepared to talk about—has been halved from near £1bn a year to some £500m a year from now on. In practice British Steel will probably only spend about £400m in the financial year 1977-1978, although the figure is expected to be of the order of £500m a year in future years up to about 1983.

The biggest immediate casualty from the plant makers' point of view has been the loss of the planned £800m-plus expansion of the Port Talbot strip steel works in South Wales. The industry had hoped to be embarking by now upon a new show-piece strip mill at that works together with numerous other development projects in iron and steelmaking and steel finishing to double the steel capacity of the works. But putting on extra steel capacity is distinctly unfashionable in the current climate of European steelmaking. Indeed it is virtually prohibited under the schemes of Viscount Etienne Davignon, the Industry Commissioner, for restructuring the industry throughout the EEC to make it more modern and effective. So Port Talbot is being modernised and improved—still at a cost which will total several hundred million pounds—but without the bg new set-pieces of the plant makers' art.

Capacity

The emphasis at this works, as at all British Steel works now, is on upgrading quality rather than making more steel.

British Steel is concentrating upon finishing those capital investment schemes which are past the point of no return. The big 10,000 tonnes a day blast furnace and its associated coke and ore preparation plant at Redcar will be finished next year. Whether or not it will be put into production immediately must be considered an open question at this moment. But the furnace will demonstrate the British plantmakers' ability to compete in the most advanced blast furnace and ore techniques now employed in the world.

Another big job that is not being sacrificed is the installation of basic oxygen steelmaking at Ravenscraig, Scotland, to provide a central, efficient steelmaking supply for the many small and specialist steelmaking operations north of the border.

Document

In the next two years the corporation will be spending £38m at Redcar, £24m at South Teesside, £75m at Ravenscraig, £25m at Hunterston, Scotland, some £70m at Port Talbot, £25m on South Wales tin plate developments, a further £15m on stainless steel-making at Sheffield, £15m at Rotherham, and £27m at Corby. In addition another £250m will be spent over the two years on smaller schemes each costing below £10m.

The latest British Steel projections for the future are contained in a document Prospects for Steel which includes those figures. It is based upon the premise that the investment can be justified: that with the new steelmaking plant the corporation can return to viability from the current position of losses exceeding £1m a day.

The private sector of British steelmaking is small compared with the public sector. But the plant makers recognise the growing importance of the private sector which is employing new capital at a faster rate than British Steel.

Alpha Steel—an internationally financed company—came virtually out of the blue to build a new steelworks with a potential output of 1m tonnes a year at Newport, South Wales.

The private sector steelmakers are producing some 3.2m tonnes a year now and have about 15 per cent of total British steel production. Within the sector there are more than 300 separate investment schemes in progress. Among the biggest are the modernisation by GKN of the Brymbo Works, North Wales, at a cost of more than £60m and the installation of electric arc furnaces by Duport Steels in South Wales. The majority of the schemes are much smaller and are concerned with improving existing works and processes. They are, nevertheless, valuable and consistent business for the plant makers.

The future demand for steel plant in Britain can now be clearly identified for several years to come. British Steel is most unlikely to launch any expensive new steelmaking venture. Rather the corporation can be expected to try to modernise its existing production capacity of up to 25m tonnes a year by an annual investment of approximately £0.5bn. The private sector is expected to continue to invest at roughly the same level as at present.

Any real upsurge in business for the plant makers must therefore come from new steelworks abroad. Business is expected to be slim throughout Europe. The best hope for breaking new ground is with the Chinese. British steel plant maker are hoping to win business from the planned integrated works in the Hopei Province which eventually is to produce 10m tonnes of steel a year. They will be closely watching the outcome of a projected visit to China early next year by Sir Charles Villiers, chairman of British Steel, and Sir John Buckley, chairman of Davy International.

Roy Hodson

Drax decisions boost electricity

THE BANDWAGGON had been stuck for a long time and there were general cheers from the electricity plant makers this year when the Government set it on the road once again. The two big decisions have been the apportioning of contracts for the second half of the Drax coal-fired power station in Yorkshire, and an interim programme for nuclear stations which at least enables the companies to look ahead until 1982.

Two new advanced gas-cooled reactor power stations are to be built—one by the Central Electricity Generating Board, the other by the South of Scotland Electricity Board—while further consideration is given to possible designs for a British pressurised water reactor.

Meanwhile, after three years of talks the British and the French Governments have agreed that a 2,000 mW cross-Channel electricity cable should be built. It is likely that four pairs of cables will be laid on the bed of the Channel between Dungeness and a point on the French coast near Boulogne.

Over the next four years the project is expected to cost about £220m which will be split between the two nations. It looks like a cheap way of achieving the equivalent power capacity of a new large power station.

Five big fossil-fuelled and hydro power stations are now being built for the CEGB. They are: a 1,500 mW coal station, Aberthaw B in Glamorgan; a 1,625 mW pumped storage scheme at Dinorwic, North Wales; a 3,300 mW oil-fired station at Grain, Kent (incidentally the largest oil-fired power station being built in Europe); a 1,000 mW oil-fired station at Ince, Cheshire; and a 2,000 mW oil-fired station at Littlebrook, Kent.

The problems afflicting large engineering construction sites in Britain—problems highlighted in a National Economic Development Office report—are being felt acutely on that power station building programme. Some of the stations are years behind schedule. The CEGB is estimating that it now takes about 11 years from proposing a big power station to the start-up date and is arguing fiercely that such a period is too long. Efforts are being made with the new Drax contract to have the station built in seven years.

The nuclear power station building programme also has its troubles. But in this case they stem mainly from the design and construction problems experienced with the various designs of advanced gas-cooled reactor stations (AGRs) now being built. The CEGB estimated recently that the actual cost to the electricity user of the late delivery of those stations was a total of £350m a year in higher power costs.

Dungeness B in Kent, the most troublesome nuclear power station ever built for the CEGB, is now in its final stage having been started in 1966. It is planned for completion by 1980. The Hartlepool and Hesham AGRs should also start-up in 1980 or 1981.

The board is determined that the AGR mistakes will not be repeated and is looking for a straightforward design and building package for its next AGR which will be a standard for future repetition orders. Basically, it is to be modelled on the Hinckley Point AGR station.

Projection

The CEGB's corporate plan—the third such annual projection to be published—is forcasting an increase in maximum load demands in Britain from 44,000 mW in 1978-79 to 52,000 mW in 1984-5. But it points out that the time-scale for providing nuclear stations is now becoming so long that a considerable investment will be necessary ahead of requirements if power shortages are to be avoided.

The theoretical margin of capacity over maximum electricity demand possessed by the CEGB is now some 28 per cent—a high figure by historical standards. But the board argues that it is the sort of theoretical margin that will be necessary in the future as the industry relies increasingly upon big generating sets—each of which, when out of use represents a considerable capacity loss.

The uncertainty surrounding power station construction times is going to be tackled energetically by the power authorities and by the power plant industry in the coming months—the new AGR and Drax orders provide the incentive. But it is doubtful whether planning forecasts can be modified. The power authorities will want cast-iron proof that power stations can be built to definite time limits before they dare adjust their ordering programmes.

The CEGB capital investment programme for 1978-79 includes £267m for conventional stations, £93m for nuclear stations, and no less than £67m for transmission investment.

Transmission of power is becoming an increasingly complex and expensive business. Last year more than 60 route kilometres of new transmission lines and cables were brought into use including some big overhead lines designed for eventual operation at 400 kV. Transmission systems and transformers developed in Britain are proving popular on world markets. At the CEGB's testing station in Somerset a series of tower tests have been carried out on 18 designs of British and foreign-designed towers for use in overseas power transmission contracts.

British plant makers are also being helped by the willingness of the power authorities to develop gas turbine plant for standby and peak load uses. The CEGB has adopted a policy of leasing rather than owning some of its gas turbine plant. The first gas turbine leasing arrangement was made three years ago. Last year the board made arrangements with two London banks to lease further plant for three stations. The arrangement saves typing-up capital which could, in the board's view, best be used financing the base-load power stations. Rolls-Royce and GEC are now providing gas turbines for six CEGB sites.

The failure of the Government to bring about a merger of boiler-making interests in the British plant industry, and the current uncertainty about the future shape and management of the national nuclear power station company, are two factors which are complicating the British electricity power plant sector.

But there is a growing confidence within the industry that they are problems which can be solved. Now that the Government is allowing the nuclear programme to move forward again, the electricity plantmakers are looking forward to a steadily growing business programme in Britain during the 1980s.

Roy Hodson

FARMING AND RAW MATERIALS

Decline in rubber prices

By Our Commodities Staff

NATURAL RUBBER prices fell to their lowest level for nearly three months on the London market yesterday.

Less than four weeks ago the RSS No. 1 spot price reached an all-time peak of 64p a kilo but by last night's close it had slipped to 58p following a 1.5p decline on the day.

The downturn in the market mainly results from the drying up of the speculative buying interest which had boosted the price to its record level. Eastern European and Japanese demand has also declined dramatically and further downward pressure was provided last week when Indonesia devalued its currency.

London market sources said the reduction in demand had coincided with a period when production was moving up to its seasonal peak.

Confident UK pig farmers step up production

BY CHRISTOPHER PARKES

A SHARP increase in pig production is in the pipeline, reflecting a resurgence of confidence among British farmers.

Figures collected by the Ministry of Agriculture in its latest farm census show the number of pregnant sows on farms in September was 6 per cent higher than a year earlier.

The number of young female pigs pregnant for the first time was 20 per cent higher.

Producers have been encouraged by higher market prices for pork, strong demand bacon pigs, promises of reductions in import subsidies on competing products from Denmark and Holland and an extended period during which feed prices have remained stable.

Heavy grain and vegetable protein crops in Europe and elsewhere suggest more stability in the feed market.

Some 97,000 young females were pregnant in September compared with only 81,000 a year earlier. Two years earlier, in the months before a major price slump caused by over-supply, there were 107,000 gilts in-pig.

The number of expectant sows stood at 447,000 head. The total breeding herd was up 5 per cent at 783,000 compared with 748,000 head in the pre-crisis autumn of 1976.

Although production of pork and other pigmeat products is plainly going to increase, prices can be expected to remain fairly steady. The British meat market which is expected to be undersupplied with beef for the next year at least should be able to absorb extra quantities of pork and bacon without any great disruption.

Beef production, on the other hand, is still stagnant. The number of cattle in the beef breeding herd was 1 per cent lower than in September, 1977, although the number of dairy heifers in calf was 4 per cent up. The dairy herd is now the main source of young stock for fattening to beef weights.

Mr. Wally Johnstone, chairman of the Meat and Livestock Commission said in London yesterday that he did not expect any recovery in UK beef output until 1981.

The beef herd would probably fall in 1979, remain unchanged in 1980 and begin to expand again during 1981, he claimed.

To revive confidence in the livestock industry, he said farmers needed an early devaluation of the "green pound"—the special agricultural exchange rate for sterling—against the EEC's unit of account.

This would raise support prices for all farm produce and reduce the monetary compensatory amount import subsidies paid on food imports into Britain from other Community countries.

Mr. Johnstone also forecast that the Commission would end the current financial year with a deficit of more than £500,000.

Shortage fears boost lead

By John Edwards, Commodities Editor

LEAD PRICES jumped on the London Metal Exchange yesterday following reports of further substantial sales to the Soviet Union coupled with renewed demand from Eastern European and Far Eastern countries.

It is feared that a further scarcity of supplies available to the market may develop as a result of the new buying interest. A significant feature was that the cash price gained £16 to £424 a tonne, widening its premium over the three months quotation that rose by £11 to £401.75.

Lead stocks in Metal Exchange warehouses this month fell to the lowest level since February 1975.

Tin prices also moved up again yesterday reflecting another rise in the Penang market overnight. Demand in Penang was reported to have exceeded available supplies entailing "rationing" of 10 per cent to buyers.

Silver prices were marked down at the London bullion morning fixing, with the spot quotation cut by 4.65p to 302.7p an ounce. However values rallied in later trading when the New York market was boosted by the larger than expected U.S. trade deficit for October.

WESTERN SAHARA

Phosphate mines to remain idle

BY TONY HODGES, RECENTLY IN WESTERN SAHARA

THERE ARE no plans to resume work in the near future at the long-idle Bou-Craa phosphate mines in the Western Sahara.

Mr. Larbi El-Omari, director of Phosboucraa, which owns the mines, told the Financial Times, he does not know when mining will resume.

Mr. El-Omari also could not give a starting date for the company's 60-mile conveyor belt, used to transport phosphate from the mines to a coastal treatment plant, until guerrillas started attacking it three years ago.

Last July, Mr. El-Omari forecast mining would restart in August and the conveyor belt in October. But these predictions were not borne out and now Mr. El-Omari is wary about giving any dates for the resumption of work.

Phosboucraa is the most important economic victim of the war in the Western Sahara, which began in November 1975 when Spain handed over its desert colony to Morocco and Mauretania.

Morocco received the northern phosphate-rich sector of the territory when the two countries subsequently partitioned it. Phosboucraa, formerly a wholly-owned subsidiary of Spain's Instituto Nacional de Industria (INI), was converted into a joint Moroccan-Spanish company in 1976.

Morocco's state-owned office, Cherifien des Prosphates (OCP) now has 65 per cent of Phosboucraa's share capital while INI retains the rest.

Polisario, the guerrilla movement fighting for Western Sahara's independence, has since made Phosboucraa's installations, especially its power lines and conveyor belt, its most important economic targets.

Mr. El-Omari claims that there are only 900m tonnes of phosphate at Bou-Craa. "Not more than 4 per cent of Morocco's total reserves." He says that INI's official estimate of 1.7bn tonnes is misleading because it is measured in terms of raw, rather than dried, prosphate.

But, in 1975, the last year of pre-war mining, Phosboucraa exported 2.6m tonnes of phosphates and, until the war brought production grinding to a halt early in 1976, the company was expected to rapidly increase output at the two existing open-cast mines at Bou-Craa to their full-capacity rate of 5m tonnes a year.

This would have been nearly one-third of Morocco's total phosphate exports of 15.8m tonnes last year. The OCP, the world's largest phosphate exporter, which has been badly hit by the slump in world phosphate demand and prices since 1975, might have faced even stiffer competition for world markets if Phosboucraa had gone on producing under an independent Polisario government.

Morocco's phosphate earnings fell from 4bn dirhams (approximately £512m) in 1974, at the height of the world phosphate boom, to only half that amount, 2.1bn dirhams, last year. Mineral exports, almost entirely phosphates, fell a further 9.7 per cent in value in the first half of this year by comparison to the first half of 1977.

If Bou-Craa had gone on producing, or had even expanded production, the OCP might have been forced to cut back even further on output at its two big existing mines at Khouribga and Youssoufia.

As it is, the OCP has even been able to ship phosphate from these mines to Spain, now that Spain cannot buy from Phosboucraa. In fact, Spain has actually become the OCP's single-largest customer since the shut-down at Bou-Craa, buying 2.7m tonnes last year, almost twice as much as the second biggest purchaser, France, which bought 1.6m tonnes.

But Mr. El-Omari denies that the OCP wants to keep Bou-Craa closed. Morocco, he stresses, would prefer to be exporting from Bou-Craa, because the grade of phosphate mined there (80 per cent bone phosphate lime) is higher than at the two northern mines, where it varies between 68 and 75 per cent BPL.

Indeed, Morocco would almost certainly like to resume working at Bou-Craa simply to prove that life is returning to normal in the Western Sahara. The problem facing Phosboucraa, however, is that there has not yet been any sign of a reduction in guerrilla activity inthe territory.

In July, Mr. El-Omari said that five sections of the conveyor belt, totalling 5.5 kilometres, had been burnt out in guerrilla raids. Two of the belt's 10 control stations had been damaged and 17 power pylons had been felled by guerrillas, he said, cutting off electricity supplies to the mines, where all equipment is electrically powered from a coastal power station 60 miles away across the desert. In October, electricity supplies to Bou-Craa were finally switched on again. But there is likely to be a long delay before repair technicians get the conveyor belt working again. A Spanish Phosboucraa employee said that every day military convoys escort repair teams to the belt but they were sometimes forced to return to El Aaiun, apparently because of military insecurity in the region.

He said that some of the belt's control stations are peppered with bullet holes. Additionally, extensive test work has to be carried out on the belt, he said, simply because it has been lying idle for so long.

Argentina backs wheat export pact

BUENOS AIRES, Nov. 29.

ARGENTINA IS ready to form a common front with other wheat-exporting countries if present obstacles to reaching a new International Wheat Agreement are not overcome, the government said today.

Agriculture Under-Secretary Jorge Zorreguieta, who attended the recent Geneva talks aimed at replacing the 1971 International Wheat Agreement, said negotiations were suspended when importing countries failed to guarantee exporters what they considered a reasonable price.

Reuter

China declines Australian wheat offer

SYDNEY, Nov. 29.

AN AUSTRALIAN Wheat Board delegation which recently returned from Peking concluded no business with China "on this occasion," a Board spokesman said.

He said both parties agreed to keep in contact with each other, but no further details were released.

International Trade House sources said they understood the Board and the Chinese buying authorities failed to reach agreement on the price of Australian wheat.

The failure by no means suggests Australia will not ultimately sell to China from its expected near record 1978/79 crop but the Board will have to match the price and terms of other origin wheat to do so, they added.

Court rules against Pig Board

BY MARGARET VAN HATTEM

BRUSSELS, Nov. 29.

THE EUROPEAN Court of Justice today ruled that the operations of the Northern Ireland Pig Marketing Board are incompatible with the Treaty of Rome and with EEC regulations on the common organisation of the market in pig-meat.

The ruling follows the opinion of the Advocate General and conforms to a submission to the court from the EEC Commission.

The case was referred to the court by the resident magistrate in Armagh, Northern Ireland, where the Pig Marketing Board had opened proceedings against a farmer who attempted to sell pigs without having registered with the Board.

The Board is a statutory body which has until now required all producers of bacon pigs in Northern Ireland to register with it.

Announcing the ruling today, the Commission said the case did not necessarily have any bearing on similar proceedings currently before the court, for example a case concerning the UK Potato Marketing Board.

The Advocate General's opinion on this case, published last week, indicated that in the absence of a Common Market regime for potatoes, the Potato Boards comply with EEC rules.

Commission officials also stressed that the ruling in no way prejudices the operation of the UK Milk Marketing Boards, which operate within the context of a common regime for dairy products. The officials said that since Britain has accepted strict conditions for the Milk Boards' operations, which meant that at least in theory they no longer have a monopoly of the UK milk market, the Boards are now totally compatible with Community requirements.

A. H. Hermann, Legal Correspondent, writes: The Court's decision was not unexpected, being in line with previous decisions concerning national marketing organisations in the Netherlands, France and Italy.

The Court has repeatedly asserted its view that national marketing schemes must not interfere with Community organisation of the market in question and become illegal, as soon as a common regime is established.

Our Belfast correspondent adds: In a joint statement with the Ulster Curers' Association and the Ulster Farmers' Union, the Pig Board said the extent of any changes needed in its methods of operation following the court ruling was under discussion between EEC officials, the Ministry of Agriculture, and the Northern Ireland Department of Agriculture.

It said that its operations, which were "of enormous value to Northern Ireland," would continue in the meantime. It would continue to buy pigs offered by contracting and non-contracting producers, and its contractual relationships with the Ulster processing industry would be unimpaired.

World coffee exports rising

Financial Times Reporter

WORLD COFFEE exports are estimated to have increased in the final quarter of the 1977/78 coffee year, October-September, to more than 14.1m bags (60 kilos each) compared with an average of 12.8m bags over the previous five years, according to delegates at the International Coffee Organisation (ICO) meeting in London yesterday.

For the whole 1977/78 coffee year, however, exports are estimated lower at 49.9m bags against a five-year average of 56.5m.

Reuter

Farm price freeze plan

BY MARGARET VAN HATTEM

BRUSSELS, Nov. 29.

EEC Heads of Government meeting here next Monday will be asked to support Commission proposals for an across-the-board freeze on farm support prices for 1979-80.

At their weekly meeting today, EEC Commissioners approved a paper, to be presented at next week's summit, which sets out the Commission's thinking on the Common Agricultural Policy (CAP) in the light of the proposed European Monetary System (EMS).

The paper, which one official described as "very radical," was produced partly in response to British demands for a closer analysis of how EMS would affect existing Community policies.

EEC exports more sugar

BRUSSELS, Nov. 29.

THE EEC Commission yesterday authorised sales of 55,000 tonnes of white sugar at its weekly export tender compared with 48,000 tonnes last week.

The maximum export rebate was raised to 25.050 units of account per 100 kilos from 24.742 UA last week.

Reuter

Shoppers complain of damaged potatoes

BY CHRISTOPHER PARKES

TOO MANY damaged and blemished potatoes are reaching the shops, according to evidence turned up in a recent survey of likes, dislikes and consumer buying habits.

More than 40 per cent of housewives questioned on behalf of the Potato Marketing Board agreed that a lot of the potatoes they bought turned out to be damaged. Fifty per cent complain about too many marks and blemishes.

In a similar survey carried out in 1973 only 28 per cent remarked on damaged tubers and 41 per cent complained of blemishes.

But while some 40 per cent felt potatoes were expensive in 1973 only 19 per cent said the same of last year's crop. There was, however, a sharp increase in the number of complaints about sprouting and a drop in the number of shoppers concerned about potatoes which tended to break up during cooking.

Contrary to many opinions aired in the aftermath of the potato "famine" of 1976-77, the use of substitutes for potato remains low.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange despite an early fall when forward metal went from £770 to £767.5, influenced by the overnight performance of silver. The price stabilised at this level and then recovered, helped by an advance on Comex in the afternoon. The close on the Kerb was £773.5. Turnover 35,750 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+or —
	£	£	£	£
Wirebars				
Cash	753-.5	—.5	753-4	+3
3 months	771.5-2.5	—1.25	777.2-5	+2.75
Settl'm'nt	753.5	—.5	—	......
Cathodes				
Cash	741-.5	—1.5	741-.5	+2.25
3 months	760-.5	—1.5	760-5.1	+1.75
Settl'm'nt	741.5	—1.5	—	......
U.S. Smt.	—	......	*72	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £753.5, 53, 53.5, three months £769, 70, 71, 71.5, 72, 73, 72.5, 72, 71.5, 72. Cathodes, cash £741.5, 41, three months £760.5, 60. Kerb: Wirebars, three months £772, 71.5. Afternoon: Wirebars, three months £771.5, 71, 71.5, 72, 72.5, 73, 72.5. Cathodes, cash £741.5, three months £761. Kerb: Wirebars, cash £754, three months £773, 73.5, 72.5, 73, 73.5.

TIN—Gained ground although the market was not particularly active. The East was steady overnight. Forward metal initially slipped from £7,480 to £7,390 but then advanced steadily throughout the day to touch £7,495 on the continuation of the covering which has been apparent in recent days and on chart buying. Profit-taking clipped the gains to £7,460 and the close on the Kerb was £7,470. Turnover 1,740 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7570-5	+46	7585-95	+76
3 months	7450-70	+60	7490-510	+85
Settlem't	7575	+45	—	......
Standard				
Cash	7570-5	+47.5	7585-05	+80
3 months	7445-55	+55	7485-90	+92.5
Settlem't	7575	+45	—	......
Straits, E.	$1988.5	+8.5	—	......
New York	—	......	—	......

Morning: Standard, cash £7,570, 75, three months £7,420, 25, 30, 50, 45, 50, High Grade, cash £7,570. Kerb: Standard, cash £7,565, three months £7,450. Afternoon: Standard, three months £7,480, 35, 85, 60, 70, 85, 80, 85, 90, 93, 90, 85, 90. Kerb: Standard, three months £7,490, 75, 60, 70.

LEAD—Sharply higher following the tightness of nearby supplies which had the effect of widening the backwardation to around £22 from £18 the previous day and East European demand. Forward material opened at £390 and rose to £400 on the morning kerb. The buying continued in the afternoon with forward metal touching the day's high of £404 prior to a close on the late kerb of £401.5. Turnover 16,225 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	421-.5	+18.5	423.5	+18
3 months	398-.5	+7.5	401.5-2	+11
Sett'ment	421.5	+15.5	—	......
U.S. Spot	—	......	*36.36	......

Morning: Cash £421, 22, 20, 20.5, 21, three months £392.5, 93, 95, 95.5, 96, 97, 97.5, 98, 97.5, 97, 97.5, 98, 98.5, 99, 98.5. Kerb: Cash £421, three months £399, 98.5, 99, 99.5, 400, 399.5. Afternoon: Cash £423, three months £403, 4, 3, 2, 1, 2, 1.5. Kerb: Three months £402.5, 2, 1.

ART GALLERIES

PUBLIC NOTICES

... been complied with in relation to the Order, may, within 6 weeks of the 30 November, 1978, apply to the High Court for the suspension or quashing of the Order or of any provision contained therein.

An Assistant Chief Engineer, R. S. WILSON.

SILVER

COCOA

COFFEE

RUBBER

LOWER opening on the London physical market. Little interest throughout the day, closing on a weaker note. Lewis and Peat reported the Malaysian godown ...

SOYABEAN MEAL

SUGAR

GRAINS

WOOL FUTURES

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 54.0 to 58.0. Eire hind- ...

... —per pound Bramley 0.04-0.07. Lord Derby 0.04-0.05, Cox's Orange Pippin 0.05-0.13, Worcester Pearmain 0.04-0.06, Russets 0.05-0.08, Spartan 0.06-0.08. Pears—per pound Conference 0.08-0.12, Comice 0.12-0.16. Cabbages—per crate 0.80-0.90. Celery—per head 0.12.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.90-£7.00, codlings £3.60-£4.50; large haddock £5.10-£6.00, medium £4.80-£5.20, small £3.90-£4.20; large plaice £5.60-£6.70, medium £5.40-£6.50, best small £5.60-£6.30; large skinned dogfish £10.50, medium £8.50; large lemon soles £9.50, medium £5.40; rockfish £3.40; saithe £2.70-£3.00.

RUBBER SCHEME FOR INDONESIA

JAKARTA, Nov. 29.

THE World Bank will donate around $65.2m for the rehabilitation of rubber plantations in South Kalimantan.

The sum is the first portion of a $185m pledge by the World Bank for redeveloping rubber plantations throughout Indonesia.

Reuter

PRICE CHANGES

Price in tonnes unless otherwise stated

INDICES

FINANCIAL TIMES

REUTERS

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 29	Nov. 28	Month ago	Year ago
Spot	396.42	392.51	392.29	348.99
Futures	394.40	391.51	390.83	325.67

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 29	Nov. 28	Month ago	Year ago
Sple Commty	982.2	981.4	989.8	866.0

(December 31, 1931=100)

COTTON

No spot or shipment sales were registered in Liverpool, leaving a total for the week so far at 491 tonnes. Users were deterred from operating in view of the sharp fluctuation in price levels. Only minor demand emerged in certain specialist qualities, mainly in the American-type range.

★

HIDES—Leeds. Firm Second clear O: 31-35½ kilos 66.5p per kilo; 26-30½ kilo 72.2p; 22-25½ kilos 81.5p. Light cows 74.5p. No calf offered.

U.S. Markets

NEW YORK, Nov. 29.

Cocoa—Dec. 165.70 (160.25), March 185.80 (183.25), May 185.25, July 183.50, Sept. 180.35, Dec. 175.85, March nil. Sales: 1,212.

... All cents per pound ex-warehouse unless otherwise stated. ...

SARAWAK SELLS MORE PEPPER

KUALA LUMPUR, Nov. 29.

SARAWAK EXPORTED 25,081 tonnes of pepper in the first nine months of this year, an increase of 3,464 tonnes compared with the corresponding period last year, the Statistics Department said.

Reuter

STOCK EXCHANGE REPORT

Investment interest falters and equity rally fades

Gilt-edged also quiet but fully steady—Inchcape weaken

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 13	Nov. 23	Nov. 24	Dec. 5
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9

* " New time " dealings may take place from 9.30 am two business days earlier.

Having discounted yesterday the effects of the slightly more rosy picture on longer-term economic prospects painted by NIESR in its latest report, equity markets took stock of the recent sharp recovery. Technical in essence when it began seven days ago, the rally had over the latter part attracted a revived investment interest and the FT 30-share index had regained some 21 points.

Yesterday, however, investors decided not to chase prices of leading or secondary issues higher. In consequence, the initial tone was slightly uncertain and the appearance in mid-morning dealings of professional stock, although modest in quantity, led to an extension of an early small decline.

The selling soon exhausted itself and buying inquiries revived yet again. Despite being limited in number, they were enough to get a recovery moving and just before the close of official business many leading issues were back at their overnight levels. In the after-hours' trade, however, values tended to soften again.

The result was that the index settled a net 0.9 easier at 489.0 after having been 2.7 down at 11 a.m. and virtually all-square at the 2 p.m. and 3 p.m. calculations. British Petroleum turned reactionary awaiting today's third-quarter results and lost 16 to 934p, while Inchape weakened 28 to a low for the year of 305p following the disclosure that it was making a further provision of £12m on top of the £7.5m losses incurred by the Dutch subsidiary.

Most of the interest in British Funds again comprised switching operations, many of which could not be completed because of technicalities involving interest payments. In the absence of any straight business, quotations generally held at their overnight list levels with the exception of a few short-dated stocks, which eased ¼. The Government broker was not bid for supplies of either the medium or long taps.

Corporations staged infrequent improvements of ¼, while Provincial Laundries 12 per cent convertible 1986-88 moved up five points in a restricted market to a high of £155.

The investment currency premium fluctuated between extremes of 78¼ and 76¾ per cent during the course of a moderate two-way business before closing 1¼ easier on balance at 77¼ per cent. Yesterday's SE conversion factor was 0.7501 (0.7490).

A diminished business in Traded Options saw the number of contracts decrease to 419 from the previous day's 1,006. Interest yesterday centred chiefly on GEC and Shell, which recorded 79 and 76 contracts respectively.

Brentnall Beard down

Profit-taking after Tuesday's jump of 10 which followed news of the bid approach took **Brentnall Beard** down to 42p before a close of 46p, a net 2 lower on the day. Elsewhere in Insurances, **Royals** dipped 5 to 365p and **GRE** eased 4 to 228p, but **London United Investments** added 3 to 175p.

Banks continued firmly but the volume of business contracted. **Midland** edged forward 2 more to 360p and **NatWest** hardened a like amount to 280p. Discounts made modest progress in thin trading. **Seccombe Marshall and Campion** firmed 10 to 210p and **Gillett Bros.** rose 7 to 227p. Among Hire Purchases, **Moorgate Mercantile** edged forward a penny to 13p in response to the increased interim earnings, while **Hambros**, in Merchant Banks, gained 8 to 163p.

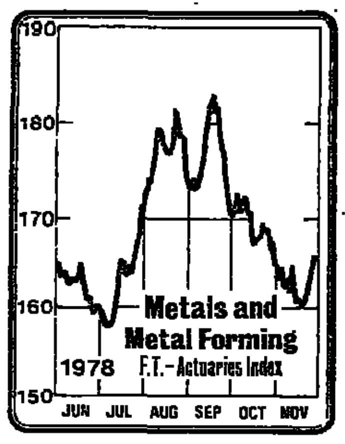
News items and speculative interest wereresponsible for notabel movements in the Building sector. **BPB** featured, rising 11 to 245p, after 246p, on the satisfactory interim profits and confident statement. Revived speculative support lifted **Pochins** 6 to 138p and **Brown and Jackson** a like amount to 218p, while **Wilson (Connolly)**, in a thin market, put on 4 to 126p. **Milbury** found renewed support and advanced 6 to a high for the year of 68p and **May and Hassell** gained 5 to 73p: the latter's interim figures are due on December 11. Higher half-yearly profits and the board's confident statement about current trading stimulated interest in **Westbrick Products** which firmed 3 to 59p, but second thoughts on the interim results clipped 4 from **G. H. Downing** at 120p. **Erith** were sought and improved 4 to 99p while, **Norwest Holst** added another 2 to 96p.

ICI recouped an initial fall of 2 and finished 3 better on balance at 375p following a thin trade, while **Fisons** held a modest improvement at 311p.

Wallis easier

Wallis touched 92p in initial response to the sharp increase in first-half earnings but then drifted lower to close a net 2 easier at 86p on consideration of the Board's warning of a second-half slowdown. **MFI** at 139p, gave up 3 of the recent speculative rise and **Fine Art Developments** softened a penny more to 58½p on further consideration of the disappointing mid-term results. **A. G. Stanley**, 156p, and **Austin Reed A**, 92p, attracted buyers and rose 6 and 5 respectively, while **Ernest Jones** hardened 3 to 154p and **Henriques** 2 to 28p. Leading Stores drifted lower on sporadic offerings and lack of fresh buying interest. Shies were featured by renewed firmness in **Strong and Fisher** which closed a further 3 to the good at 72p.

Leading Electricals continued to edge higher on occasional demand, **EMI** improving 4 to 156p and **GEC** 2 to 327p. Recent demand for secondary issues, however, appeared to fade and the majority of movements were small and irregular. **AB Electronic** ran back 4 to 142p after recent firmness, while **Muirhead**, also a good market of late, eased 2 to 198p despite the increased interim dividend and profits. On the other hand, **Racal** hardened 2 to 338p in front of today's half-yearly results.



Although buying interest was again evident in the Engineering sector, trading conditions were noticeably quieter. **B. Elliott** featured in secondary issues with a rise of 12 to 167p in response to the good interim results, while **Matthew Hall** continued firmly ahead of next Monday's interim statement and improved 4 more to 225p. **C. and W. Walker**, 125p, and **Clayton Son**, 75p, rose 5 apiece and gains of 4 were marked against **Hall Engineering**, 108p, and **Midland Industries**, 43p. **Brickhouse** improved a penny to 32p on the increased interim dividend and profits and the encouraging statement on the outlook. **Christy Bros** gained 3 to 52p, while fresh scattered demand lifted **Babcock and Wilcox** a similar amount to 163p. **ML Holding** were quoted ex rights at 160p, with the new shares at 36p premium. Leading issues were quietly dull throughout the session. Elsewhere, **Swan Hunter** at 157p, regained 3 to 157p awaiting Friday's details of the proposed scheme of arrangement.

Most of the day's interest in Foods centred on selected secondary issues which encountered a reasonable two-way business. **Cullen's** issues took a turn for the worse ahead of today's interim results, the Ordinary and A shedding 8 and 6 respectively at the common price of 138p. **Bishops Stores** firmed 5 to 145p and **Hillards** 4 to 230p, but profit-taking left **Associated Dairies** 4 easier at 188p. Wholesalers **Joseph Stocks** put on 7 to 145p on the appearance of a few buyers in a restricted market and **Lidstone** jumped 45 to 150p in a nominal market folowing the bid approach. A good market of late on take-over suggestions, **Robertson Foods** gave up 3 at 142p.

Johnson Matthey firm

Johnson Matthey became a late firm feature in Miscellaneous Industrials, rising 14 to 464p in response to the satisfactory interim results and proposed three-for-two scrip-issue. Reflecting the return to profitability and to the dividend list, **J. Dykes** *advanced 3 to a 1978 peak of* 40½p, while renewed demand in a thin market lifted **Hunting Associated** 10 to 290p. **De La Rue** added 7 to 380p and **ICL** 5 to 442p. **Avon Rubber**, however, declined 4 to 180p in reaction to the disappointing annual profits and **Sotheby's** cheapened 4 to 363p on profit-taking after the recent strong advance which stemmed from hopes that the company may announce share-slimming proposals with the results next month. Narrowly mixed price movements were the order of the day among the leaders following a quiet trade. **Boots** softened late to finish 4 off at 199p, after 198p.

Pleasurama featured the Leisure sector, rising 5 to 76p, after 78p, on revived speculative demand; last year the annual results were announced on December 15. Reflecting demand that developed late on Tuesday, **Campari B** firmed 3 to 96p, while **Barr and Wallace Arnold A** revived with a gain of 4 at 106p.

Motors encountered negligible interest with prices hovering around overnight levels, although Distributors provided the odd bright spot. **Hartwells** improved 4 to 109p, **Jessups** closed 2 better at 39½p and **T.C. Harrison** added 3 to 109p. In contrast **Harold Perry** became a dull market and gave up 4 to 112p.

Daily Mail A rose to 368p after the improved interim results, but slipped back to close unchanged at 363p. **News International** improved 5 to 255p.

Leading Properties marked time, but secondary issues displayed one or two useful gains. Revived buying interest was shown in **Fairview Estates** which advanced 9 to 136p, while **London and Provincial Shop Centres** gained 5 to a high for the year of 130p. **C. H. Beazer** and **Berkeley Hambro** put on 3 to 57p and 137p respectively, while **Estates and Agency** added a like amount at 58p and **Chuchbury Estates** firmed 6 to 310p. **Centrovincial Estates** hardened a penny more to 84p and the Capital sares, at 80p, regained nearly all of the previous day's fall of 6 that followed this year's expiry of the conversion period.

BP turn dull

Quieter conditions prevailed in the Oil market. **British Petroleum**, a good market of late, encountered nervous offerings in front of to-day's third-quarter figures an reacted 16 to 934p. **Shell**, down 6 at 586p, tended easier in sympathy, while dollar premium influences left **Royal Dutch** ⅜ cheaper at £40⅞. Little of interest occurred in the more speculative issues, where **Burmah** ran back 2 to 73p.

Following the disclosure of a further provision of £12m against debts incurred by it's Dutch commodity trading subsidiary, **Inchcape** plummeted 28 to a 1978 low of 305p.

Trusts made fresh headway, with a fair amount of interest centred on Income issues where **Channel Islands** rose 6 to 156p and **Derby Trust** a similar amount 212p.

Despite the optimistic profits forecast with the interim statement, **Dawson International** held at the overnight level of 96p. **Sirdar**, hit by more profit-taking slipped 3 for a two-day fall of 7 to 70p. **Hicking Pentecost**, 110p, **Parkland A**, 75p and **Leeds and District Dyers**, 63p, all shed a penny or two on reflection of trading statements.

The underlying sentiment in Rubbers was firm, although trade was quiet. **London Sumartra**, on hopes of a bid from Harrisons and Crosfield, jumped 17 to 187p: the interim figures are due next Wednesday. **Guthrie** also featured, rising 8 to 333p.

Golds down again

South African Gold shares lost ground for the third successive day despite a brief flurry of buying interest which occurred in the early afternoon following the U.S. trade figures.

Initially, the market had eased in line with the lower bullion price and investment currency premium. Then came the momentary rally but this soon petered out with overall losses producing a further 1.2 fall in the Gold Mines index to 124.1. The ex-premium index lost 0.7 to 93.1, while the bullion price was finally $1.125 up at $198.50 per ounce.

South African Financials moved similarly to Golds. **Anglo American Corporation** and **Union Corporation** were both 4 cheaper at 284p and 246p respectively, while **De Beers** eased 2 to 336p. London-registered issues, however, made further progress. **Gold Fields** put on 2 to 176p on consideration of the chairman's remarks at the annual meeting.

Lack of interest and the lower premium left Platinums showing modest falls with **Impala** 2 off at 174p.

Activity in Canada's **Westfield Minerals** continued at a high level with the shares moving within extremes of 375p and 330p prior to closing 10 higher on balance at 360p following the latest news of the company's uranium prospect in Newfoundland. However, **Northgate Exploration**, which holds 45 per cent of Westfield, were affected by profit-taking and lost 10 to 440p.

Australians provided features in **Whim Creek** and **Hampton Areas**. The former, which is associated with the Northgate group of companies, rose sharply to a 1978 high of 100p before closing 15 better at 90p following a persistent Irish demand. **Hampton Areas** climbed 8 more to 138p, after equalling their 1978 high of 140p, for a two-day gain of 15.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (17)

BUILDINGS (1)
Milbury
CHEMICALS (1)
Thurgar Bardex
STORES (3)
Blackman & Conrad, Ramar Textiles, Casket (S.)
ENGINEERING (3)
Brooke Tool, Williams (W.), Elliott (B.)
INDUSTRIALS (3)
Crean (J.), Dykes (J.), Davies & Newman
NEWSPAPERS (1)
Routledge & K.P.
PAPER (1)
Wyatt (Woodrow)
PROPERTY (2)
Capital & Counties, Lond. & Prov. Shop
TEXTILES (1)
Haggas (J.)
MINES (1)
Whim Creek

NEW LOWS (21)

CHEMICALS (1)
Cory (H.)
STORES (1)
Wharf Mill
INDUSTRIALS (3)
Continental Group, 'W' Ribbons, Overstone
SOUTH AFRICANS (2)
Gold Fields Prop., S.A. Brews.
TEXTILES (1)
Hield Bros.
OVERSEAS TRADERS (1)
Inchcape
MINES (12)
Randfontein, Libanon, Wit. Nigel, Southvaal, Buffels, Loraine, Doornfontein, Anglo Amer. Gold, East Drie., Transvaal Consld., Elsburg, Messina

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	4	74
Corpns., Dom. and Foreign Bonds	6	1	54
Industrials	293	276	960
Financial and Prop.	125	79	308
Oils	2	11	24
Plantation	4	5	22
Mines	20	58	62
Recent Issues	5	3	21
Totals	455	437	1,525

FINANCIAL TIMES STOCK INDICES

—	Nov. 29	Nov. 28	Nov. 27	Nov. 24	Nov. 23	Nov. 22	A year ago
Government Secs.	68.53	68.56	68.38	68.20	68.30	68.31	75.99
Fixed Interest	69.98	69.94	69.89	69.74	69.73	69.64	77.18
Industrial	489.0	489.9	484.9	479.9	478.0	478.6	481.6
Gold Mines	124.1	125.3	129.8	134.1	132.9	132.8	146.7
Gold Mines (Ex-$ pm.)	93.1	93.8	97.2	98.8	97.6	95.4	105.9
Ord. Div. Yield	5.90	5.88	5.94	5.98	6.04	6.01	5.55
Earnings, Y'ld%(full)	15.49	15.44	15.58	15.70	15.85	15.77	16.72
P/E Ratio (net) (*)	8.34	8.36	8.29	8.22	8.15	8.19	8.48
Dealings marked	4,081	5,155	4,554	4,413	3,980	4,301	4,153
Equity turnover £m	—	64.45	66.82	71.56	73.96	63.11	84.29
Equity bargains total	—	16,587	15,640	18,530	15,957	14,636	13,353

10 am 489.3. 11 am 487.5. Noon 487.7. 1 pm 489.1. 2 pm 489.5. 3 pm 489.6.
Latest Index 01-246 8026.
* Nil=8.09.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm Index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.30 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.5 (14/8)	124.1 (29/11)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 [illegible]	90.5 [illegible]	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	Nov. 29	Nov. 28
—Daily		
Gilt-Edged	159.8	168.4
Industrials	159.8	180.9
Speculative	28.9	35.5
Totals	92.9	117.3
5-day Average		
Gilt-Edged	153.7	156.8
Industrials	164.3	158.8
Speculative	26.8	25.1
Totals	101.0	102.0

LONDON TRADED OPTIONS

Option	Exercise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	800	162	—	172	3	—	—	935p
BP	850	107	—	128	8	140	—	
BP	900	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BP	950	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Com. Union	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gold	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gold	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			[illegible]		[illegible]		[illegible]	

Option	Exercise price	February Closing offer	February Vol.	May Closing offer	May Vol.	August Closing offer	August Vol.	Equity close
BOC Intl.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EMI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			[illegible]		[illegible]		[illegible]	

APPOINTMENTS

New chief for steel association

NEXT EXECUTIVE director of the NATIONAL ASSOCIATION OF STEEL STOCKHOLDERS will be Mr. Richard F. Rawlins, at present managing director of Macreadys Glynwed Steel Stockholding. With a career in steel stockholding spanning 17 years, he is expected to take up his new post early in 1979. He succeeds Mr. S. J. Wooldridge, who left the association at the end of September. Mr. Rawlins, who is also director of Cashmores Glynwed Steel Stockholding, has been active in NASS affairs, serving as vice-chairman of the association's alloy product group, a *member of the national* council, and chairman of the education and training committee.

The association is the official organisation of UK stockholders. Its 300 members have an aggregate annual turnover in excess of £800m and supply over 35 per cent of UK steel consumption.

★

Mr. G. W. Taylor and Mr. T. J. Glover have been appointed to the board of TERN-CONSULATE, shirt maker.

★

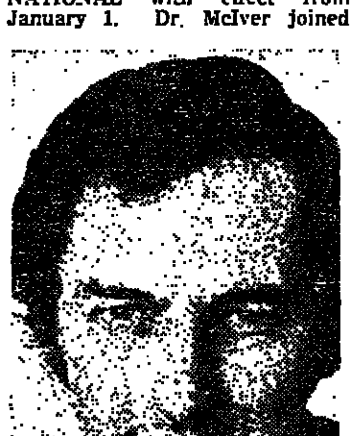
Mr. J. D. Salmon, currently technical director of the Crosfield Electronics division of the De La Rue Company, has been appointed managing director of the DE LA RUE CROSFIELD division in succession to Mr. K. A. Wolfe who is leaving to take up another appointment overseas.

★

Mr. David Rutherford, of Rutherford Osborne and Perkin, will take over as chairman of the WINE DEVELOPMENT BOARD in January, when Mr. Peter Noble's three-year term ends. Mr. Gilbert Aikens, of Castle Growers, becomes deputy chairman in place of Mr. Brian Aldis, of Hedges and Butler. Mr. Edgar Wright, of Hedges and Butler, had joined the board as finance director.

★

Dr. Edward J. McIver, managing director of Carpets International (Northern) has been appointed to the board of CARPETS INTERNATIONAL with effect from January 1. Dr. McIver joined



Dr. E. J. McIver

Kosset Carpets in 1970 and became a director in 1973 with responsibilities for marketing and merchandising. He became managing director of Kosset in 1976 and, on the formation of Carpets International (Northern) last year, became its managing director.

★

Mr. John Evelyn Vinelott, QC, has been appointed a judge of the HIGH COURT in succession to Lord Justice Templeman, who has been appointed to the Court of Appeal. The Lord Chancellor will assign Mr. Vinelott to the Chancery Division from December 4, said the Crown Office.

★

Mr. J. S. Hardy has been elected a director of BAKER PERKINS HOLDINGS, parent company of the Peterborough-based engineering group. He continues as company secretary, a position he has held since 1958, with particular responsibility for the group's European associated company.

★

Following the incorporation of *the UK Holidays Marketing Association* as a company limited by guarantee, with HOLIDAY UK registered as the association's business name, the formation of a council of management and the *election of officers have taken* place.

Mr. Colin F. Johnson of Buttin's has been elected to serve as president, Mr. Ronald V. Plant of Plantravel as secretary and Mr. John E. Foster of Grand Metropolitan Hotels as treasurer. Other members of the council, which has been formed from the "Holiday UK" working party, are Mr. Roger F. Hymas, AA Travel Services; Mr. Alan D. Macdonald, Boat Enquiries; Mr. Alan T. Spong, Exchange Travel; and Mr. Keith A. Webber, Pickfords Travel Service.

★

Mr. T. Coupe, fabrications manager at Dunlop GRG Skelmersdale, has been appointed to represent the division on the Council of BRITISH OCEANIC INDUSTRIES for 1979.

★

Mr. David Stables will join SULZER BROS. (UK) on January 2 as director designate of the diesel engine machinery division in place of Mr. Ted Kennaugh, who will be retiring later in the year.

★

Mr. C. Flemming Heilmann has been appointed president of the CONTINENTAL GROUP of Europe in Brussels. He joined the Continental Group in 1977 as vice-president—marketing for Continental Can European Industries SA, then became vice-president—commercial for the Continental Can Company worldwide.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 21	Dec. 4	Feb. 22	Mar. 6
Dec. 5	Dec. 18	Mar. 8	Mar. 20
Dec. 19	Jan. 8	Mar. 22	Apr. 3

For rate indications see end of Share Information Service

Money was given for the call in Barker and Dobson, Ultramar, Tesco, Associated Leisure, Minorco, Loraine Gold, Premier Oil Sears, Trafalgar House, LOFS, De Beers, Trust Houses Forte, Wilson Walton, and Town and City. No puts were reported, but double options were arranged in Associated Leisure, Cullen's Stores A, Imperial Group, NatWest, Sears, Fairview Estates, S and U Stores, Corinthian Holdings, Spillers, Farnell Electric, Lucas, Cadbury Schweppes and Tozer Kemsley.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	16	934	−16	954	720
Inchcape	£1	16	305	−28	445	305
Beecham New	Nil/pd.	9	50pm	—	50pm	28pm
ICI	£1	9	375	+3	421	328
Rank Org.	25p	8	254	+2	296	226
Shell Transport	25p	8	586	−6	602	484
Barclays Bank	£1	7	363	—	368	296
GEC	25p	7	327	+2	340	233
BATs Dfd.	25p	6	254	—	304	227
Bowater	£1	6	181	+1	212	163
Gen. Accident	25p	6	216	−2	250	188
GUS A	25p	5	306	−2	340	256
GKN	£1	5	268	−2	298	248
Lloyds Bank	£1	5	273	—	297	242
P and O Dfd.	£1	5	83	+¼	118	76½

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+or–	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Arncliffe Hldgs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ashton Mining 50c	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Kitchen Queen 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Rightwise	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+or–
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Anglesey Variable 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol Waterworks 7% Pref. 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Colne Valley Water 9% Red. Pf. 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Newman Inds. 10½% Acc. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rickmansworth & Uxbridge Water 7% [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Southwark Corp. 13½% Red. 1987	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	West Kent Water 7% Pref. 1983	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+or–
550	F.P.	[illegible]	[illegible]	[illegible]	Beecham	[illegible]	[illegible]
17	[illegible]	[illegible]	[illegible]	[illegible]	Boulton (Wm.)	[illegible]	[illegible]
300	[illegible]	[illegible]	[illegible]	[illegible]	Brown (J.)	[illegible]	[illegible]
67	F.P.	[illegible]	[illegible]	[illegible]	Capper-Neill	[illegible]	[illegible]
105	[illegible]	[illegible]	[illegible]	[illegible]	Clifford (Chas.)	[illegible]	[illegible]
93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
86	[illegible]	[illegible]	[illegible]	[illegible]	Fothergill & Harvey	[illegible]	[illegible]
130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
185	[illegible]	[illegible]	[illegible]	[illegible]	Stewart & Pitt	[illegible]	[illegible]
62	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
155	[illegible]	[illegible]	[illegible]	[illegible]	Times Products	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Nov. 29, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Tues., Nov. 28 Index No.	Mon., Nov. 27 Index No.	Fri., Nov. 24 Index No.	Thurs., Nov. 23 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	236.08	+0.1	16.72	5.38	8.20	235.75	232.84	229.81	228.41	198.31
2	Building Materials (27)	202.81	—	17.84	5.62	7.75	202.77	198.72	195.58	194.92	183.28
3	Contracting, Construction (28)	374.24	—	19.92	4.33	7.20	374.36	368.34	365.22	363.56	312.71
4	Electricals (14)	547.69	+0.4	13.40	3.40	10.28	545.27	542.85	533.82	530.05	423.18
5	Engineering Contractors (14)	374.93	+0.4	17.31	5.93	7.86	373.39	369.05	363.29	357.19	281.84
6	Mechanical Engineering (72)	185.20	+0.1	18.12	6.03	7.35	185.02	182.35	180.18	179.33	156.55
8	Metals and Metal Forming (16)	165.11	−0.3	16.60	8.66	8.37	165.55	163.58	162.70	161.61	159.27
11	CONSUMER GOODS (DURABLE) (53)	208.20	+0.2	16.74	5.14	7.96	207.71	205.43	202.77	201.43	191.06
12	Lt. Electronics, Radio, TV (16)	258.64	+0.3	14.05	3.97	9.98	257.84	255.24	250.76	249.10	229.44
13	Household Goods (12)	174.63	+0.3	17.30	6.52	7.93	174.09	172.28	171.50	171.42	178.27
14	Motors and Distributors (25)	122.73	+0.1	21.24	6.86	5.91	122.61	121.08	120.23	119.27	116.09
21	CONSUMER GOODS (NON-DURABLE) (172)	210.61	−0.4	15.91	5.95	8.46	211.37	209.02	207.17	205.76	196.26
22	Breweries (14)	227.44	−0.3	14.92	6.27	9.33	228.21	226.57	227.06	225.01	224.74
23	Wines and Spirits (6)	286.92	−0.1	15.35	5.01	9.56	287.09	286.61	282.33	280.91	240.54
24	Entertainment, Catering (17)	265.19	+0.2	13.98	6.64	10.43	264.59	261.29	258.60	257.06	251.53
25	Food Manufacturing (19)	206.34	−0.2	18.46	5.41	7.22	206.70	204.30	203.39	202.89	192.68
26	Food Retailing (15)	225.23	−0.8	13.85	5.25	10.70	227.08	224.02	221.40	220.38	202.86
32	Newspapers, Publishing (12)	370.15	+0.3	21.73	6.56	6.49	368.93	364.15	364.88	367.60	326.43
33	Packaging and Paper (15)	136.21	−0.2	19.50	7.61	6.69	136.58	135.61	134.32	132.40	124.18
34	Stores (40)	197.42	−0.7	11.66	4.71	12.33	198.78	196.56	194.59	192.60	188.45
35	Textiles (25)	179.89	−0.8	18.02	8.20	7.19	181.33	179.07	178.41	176.26	166.59
36	Tobaccos (3)	239.76	—	23.14	7.83	5.11	239.85	235.60	230.54	230.54	216.39
37	Toys and Games (6)	95.79	+0.1	23.12	6.75	5.10	95.66	95.23	94.34	94.20	100.32
41	OTHER GROUPS (99)	198.30	+0.3	15.70	6.23	8.18	197.69	195.56	194.34	192.67	188.34
42	Chemicals (19)	281.66	+0.6	16.25	6.71	8.01	280.02	277.00	274.68	271.77	257.92
43	Pharmaceutical Products (7)	245.82	+0.1	11.29	4.73	10.73	245.67	243.40	245.57	243.03	0.00
44	Office Equipment (6)	132.06	+0.4	18.40	5.77	6.48	131.53	131.16	128.74	127.13	121.04
45	Shipping (10)	408.95	−0.1	14.79	7.43	8.58	409.39	405.29	401.55	400.80	457.07
46	Miscellaneous (57)	215.42	+0.2	17.51	6.55	7.57	214.91	212.00	209.77	208.55	194.44
49	INDUSTRIAL GROUP (495)	220.57	—	16.12	5.81	8.29	220.62	218.12	216.03	214.52	207.15
51	Oils (5)	523.84	−1.4	13.34	3.84	8.14	531.06	531.33	523.43	515.74	512.19
59	500 SHARE INDEX	245.66	−0.2	15.69	5.51	8.27	246.23	243.91	241.36	239.37	226.51
61	FINANCIAL GROUP (100)	168.72	−0.1	—	5.79	—	168.93	166.94	163.97	163.48	162.07
62	Banks (6)	195.92	+0.3	23.83	5.98	6.30	195.37	192.86	187.56	188.05	189.49
63	Discount Houses (10)	213.35	+0.3	—	8.25	—	212.68	209.00	208.10	207.96	198.68
64	Hire Purchase (5)	146.10	+0.2	16.67	5.64	7.91	145.81	144.00	140.16	139.90	160.99
65	Insurance (Life) (10)	138.07	−0.4	—	6.80	—	138.61	136.66	135.15	133.49	132.70
66	Insurance (Composite) (7)	125.96	−1.0	—	6.96	—	127.26	125.71	123.33	123.26	128.00
67	Insurance Brokers (10)	323.05	−0.3	14.79	5.18	9.65	324.12	322.25	316.32	316.15	322.89
68	Merchant Banks (14)	77.27	+0.8	—	6.34	—	76.69	76.32	76.14	76.02	79.93
69	Property (31)	261.09	+0.4	3.57	2.91	46.66	260.08	256.95	254.04	250.77	218.23
70	Miscellaneous (7)	108.15	+0.1	23.39	7.67	5.53	108.08	106.86	106.89	107.01	102.92
71	Investment Trusts (50)	208.46	−0.4	—	5.13	—	209.39	206.76	204.92	204.05	196.93
81	Mining Finance (4)	103.15	+0.5	18.22	6.90	6.76	102.68	101.69	100.99	100.79	89.18
91	Overseas Traders (19)	297.51	−1.4	16.59	7.91	7.58	301.85	297.72	298.46	299.94	271.39
99	ALL-SHARE INDEX (673)	224.58	−0.2	—	5.61	—	225.12	222.85	220.35	218.85	208.45

FIXED INTEREST PRICE INDICES

	British Government	Wed., Nov. 29	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.54	+0.02	—	8.19
2	5-15 years	112.39	[illegible]	—	[illegible]
3	Over 15 years	116.69	[illegible]	—	[illegible]
4	Irredeemables	121.71	[illegible]	[illegible]	[illegible]
5	All stocks	110.28	+0.01	[illegible]	9.96

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Wed., Nov. 29	Tues., Nov. 28	Year ago (approx.)
1	Low	5 years	9.55	9.54	7.31
2	Coupons	15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium	5 years	[illegible]	[illegible]	[illegible]
5	Coupons	15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High	5 years	[illegible]	[illegible]	[illegible]
8	Coupons	15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Wed., Nov. 29 Index	Wed., Nov. 29 Yield	Tues., Nov. 28	Mon., Nov. 27	Fri., Nov. 24	Thurs., Nov. 23	Wed., Nov. 22	Tues., Nov. 21	Mon., Nov. 20	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	55.20	13.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	51.16	13.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	71.79	13.05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

LEADERS AND LAGGARDS

The following table shows the percentage changest which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Section	% change
Engineering Contractors	+25.40
Electricals	+19.03
Mining Finance	+15.93
Mechanical Engineering	+14.98
Wines and Spirits	+13.39
Capital Goods Group	+12.83
Oils	+11.16
Electronics, Radio and TV	+10.99
Contracting and Construction	+10.09
Overseas Traders	+7.43
Consumer Goods (Durable) Group	+7.29
Chemicals	+6.97
500 Share Index	+6.53
Newspapers and Publishing	+6.47
Office Equipment	+6.47
Property	+6.23
Textiles	+6.00
Industrial Group	+5.69
Tobaccos	+5.68
Building Materials	+5.66
Food Retailing	+5.50
Packaging and Paper	+5.02
All-Share Index	+4.94
Motors and Distributors	+4.35
Consumer Goods (Non-durable) Group	+3.72
Metal and Metal Forming	+3.02
Food Manufacturing	+2.84
Stores	+2.51
Other Groups	+2.02
Entertainment and Catering	+1.24
Investment Trusts	+0.74
Banks	−0.34
Brewerles	−0.92
Insurance (Life)	−1.26
Financial Group	−2.01
Insurance Brokers	−3.21
Household Goods	−4.68
Toys and Games	−5.09
Discount Houses	−5.35
Gold Mines F.T.	−5.93
Pharmaceutical Products	−6.15
Merchant Banks	−6.90
Insurance (Composite)	−7.09
Hire Purchase	−12.19
Shipping	−12.85

† Percentage changes based on Tuesday, November 28, 1978 indices.

هكذا في الأصل

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. Ltd. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Capital	34.6	36.8		0.29
Abbey Income	41.2	43.8	-0.1	6.08
Abbey Inv. Tst. Fd.	35.8	38.2	-0.2	4.60
Abbey Gen. Tst.	46.9	49.9		4.16
Equitas Prog. Tst.	66.4	70.0	-0.2	5.65

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	87.3	93.5		5.63
Brit. Inds. Fund	64.4	68.9	-0.2	5.46
Grth. & Inc.	37.5	40.1		5.26
Elect. & Ind. Dev.	34.9	37.3	-0.1	4.75
Allied Capital	69.7	74.5		4.56
Hambro Fund	109.2	116.8	-0.1	5.22
Hambro Acc. Fd.	126.2	132.9	-0.4	4.85
Income Funds				
High Yield Fd.	72.3	77.4	+0.4	8.14
High Income	67.0	71.7		6.97
A.H. Eq. Inc.	40.2	43.0	-0.1	7.14
International Funds				
International	25.2	27.0	-0.2	2.52
Pacific Fund	42.2	45.2		1.51
Secs. Of America	49.3	52.8	-0.1	2.38
U.S.A. Exempt	87.9	92.5	-0.5	2.62
Specialist Funds				
Smaller Co.'s Fd.	36.7	39.5	+0.4	4.60
2nd Smlr. Co.'s Fd.	47.2	50.5	+0.4	4.71
Recovery Sits.	97.2	104.0	+0.6	4.95
Met. Min. & Cdty.	39.5	42.2		5.43
Overseas Earnings	59.6	63.8	-0.1	4.55
Expt. Smlr. Co's.	234.4	268.8	+1.8	5.23

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 4231

Anderson U.T.	49.2	53.0		5.25

Ansbacher Unit Mgmt. Co. Ltd.
1 Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	175	185		9.89

Arbuthnot Securities Ltd. (a)(c)
37 Queen St., London EC4R 1BY. 01-236 5281

High Yield	43.9	47.3		11.74
Accum. Units	64.2	69.2		11.74
Extra Income Fd.	106.2	114.3	+1.3	10.97
High Inc. Fund	41.9	45.1	+0.3	8.90

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5DH. 01-248 6971

American	43.2	46.6		1.20
Capital Tst.	129.0	138.4		3.51
Income Tst.	107.0	113.8		6.79
Int. Growth Fd.	109.0	115.8		2.40
Do. Accum.	115.4	120.6		2.40

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	43.5	46.5	-0.1	4.69
Do. Accum.	57.4	61.3	-0.2	4.69

G.T. Unit Managers Ltd.
16, Finsbury Circus EC2M 7DJ. 01-628 8131

G.T. Cap. Inc.	80.5	85.6		3.50
Do. Acc.	97.6	103.6		3.50
G.T. Inc. Fd. Un.	156.0	165.9		8.60
G.T. U.S. & Gen.	120.4	128.0		3.10
G.T. Japan & Gen.	87.5	92.1		1.20
G.T. Pens. Ex. Fd.	131.1	139.7		3.90
G.T. Int'l. Fund	143.0	152.1		2.00
G.T. Four Yds. Fd.	54.9	58.4		7.10

G. & A. Trust (a)(g)
5 Rayleigh Rd., Brentwood. (0277) 227300

G. & A.	32.8	35.0	-0.1	4.74

Gartmore Fund Managers (a)(g)
2 St. Mary Axe EC3A 8BP. 01-283 3531

American Tst.	23.8	25.6	-0.1	0.10
British Tst. (Acc.)	57.2	61.5	-0.3	3.35
Commodity Share	144.7	155.6	+0.3	3.81
Extra Income Tst.	24.8	26.7	+0.2	8.72
Far East Trust	33.7	36.2	+0.2	0.46
High Income Tst.	59.8	64.3	+0.1	9.04
Income Fund	74.6	80.2	+0.2	7.10
Ins. Agencies	133.77	140.63	-0.01	3.33
Intl. Exempt Fd.	88.7	95.3	+0.8	6.27
Intl. Tst. (Acc.)	28.8	31.0		0.95

Gibbs (Antony) Unit Tst. Mgs. Ltd.
3 Frederick's Pl., Old Jewry EC2. 01-588 4111

(a) A.G. Income	41.8	45.5		9.00
(a) A.G. Growth	40.8	43.5		4.80
(a) A.G. Far East	24.4	26.6		1.0

Dealing *Tues. ††Wed.

Govett (John)
77, London Wall, E.C.2. 01-588 5620

[illegible]

Prices Nov. 22. Next dealing Nov. 29. *Prices at Nov. 7. Next dealing Dec. 1.

CORAL INDEX: Close 488-493

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	10.75%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth. Fd.	$US14.55		—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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FOREIGN BONDS & RAILS

1977 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23½	.....	—	—
41	33	Do. 5pc Pref	39xd	.....	1½p	—
96	98	Chilean Mixed	98	.....		£3.10
415	350	German Yng. 4½pc	411	.....	4½	—
54	46	Greek 7pc Ass.	50	.....	3½	£7.20
51	46	Do. 6pc 28 Stab. Ass.	49	.....	6	£6.24
44	40	Do. 4pc Mixed Ass.	40	.....	4	£5.13

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 33¾% (based on US$1.9325 per £)
Conversion factor 0.7501 (0.7490)

CANADIANS

S.E. List Premium 33¾% (based on $2.2876 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's	P/E
217	155	Hambros	163xd	+8	†9.76	—	8.9	—
100	81	Hill Samuel	86	.....	†4.97	—	8.6	—
600	187	Do. Warrants	200	.....	—	—	—	—
360	203	Hong Shng.$2.50.	242	.....	hQ59c	—	2.9	—
69	52	Jessel Toynbee	64	.....	th3.32	—	7.7	—
215	150	Joseph (Leo) £1	150xd	.....	8.74	—	8.7	—
55	37	Keyser Ullmann	48	.....	0.67	—	2.1	—
74	56	King & Shax 20p.	62	.....	3.44	—	8.4	—
114	88	Kleinwort B.L.	92	+2	†4.18	—	6.8	—
297	242	Lloyds £1	273	.....	†9.23	4.8	5.0	6.2

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Hire Purchase, etc.

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GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-U.S. residents.

$15¾	$10¾	Buffels R1	$10¼	-⅛	Q170c	1.8	19.1
$11¾	830c	East Drie R1	850c	-5	†Q78c	1.7	10.6
585c	330c	East Rand Prp. R1	350c	-5	—	—	—
$26⅝	$15½	F.S. Geduld 50c	$17	-¼	Q515c	ϕ	21.4
$15¼	975c	Pres. Brand 50c	$10⅝	-⅛	Q150c	ϕ	16.3
$13⅜	950c	St. Helena R1	975c	......	Q190c	ϕ	22.5
465c	315c	Stilfontein 50c	350c	......	†Q22c	2.3	6.7
$17⅞	$16¾	Vaal Reefs 50c	$27	-⅛	Q115c	3.3	7.8
$37	$25	West Drie R1	$27⅞	-⅛	Q385c	1.7	16.1
$31¼	$19	West Hldgs. 50c	$20⅛	......	Q415c	ϕ	23.4
$12½	895c	Western Deep R2	962c	-13	Q82.5c	2.4	9.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim; reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

"Recent Issues" and "Rights" Page 42

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	
Ash Spinning	66xd	
Bertam	25	
Bdg'wtr. Est. 50p	225	
Clover Croft	25	
Craig & Rose £1	615	
Dyson (R. A.) A	35	
Ellis & McHdy	64	-2
Evered	24	
Fife Forge	52	
Finlay Pkg. 5p	21	
Graig Ship £1	160	
Higsons Brew	72xd	-2
Holt (Jos) 25p	252	
I.O.M. Stm. £1	320	
Nthn. Goldsmith	70xd	-2
Sheffield Brick	55	
Sheff. Refrshmt.	67xd	
Sindall (Wm.)	114	

IRISH

Conv. 9% '80/82	£90¾	+¼
Alliance Gas	103	
Arnott	352	
Carroll (P.J.)	100	
Clondalkin	105	
Concrete Prods.	130	
Heiton (Hldgs.)	46	
Ins. Corp.	160	
Irish Ropes	105	
Jacob	54	
Sunbeam		
T.M.G.		
Unidare		

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday November 30 1978

Dollar falls as U.S. trade gap widens

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Nov. 29.

THE U.S. trade deficit widened by more than $400m (£205m) last month to $2.13bn, disappointing for the time being, the Carter Administration's hopes of improvement in one of the fundamental factors that have contributed to the dollar's weakness.

In October, exports fell by about 3 per cent to $13.01bn compared with September levels, while imports edged up fractionally to $15.14bn, in spite of smaller purchases of foreign oil and steel.

News of the increased deficit, closely following yesterday's announcement that inflation at the consumer level was still almost in double figures, induced further pressure on the dollar in the New York and foreign exchange markets. But evidence of central bank intervention arrested the initial fall, according to market sources.

The Administration was quick this morning to maintain that the October figures, far from demonstrating that the trade balance was deteriorating, contained signs that the underlying position was improving as expected.

Mr. Michael Blumenthal, Treasury Secretary, said that imports had "held steady" in October while exports had been partly depressed by special factors, such as the $241m drop in the amount of U.S. gold sold overseas.

He repeated the Administration's projection that the current-account deficit this year would be about $17bn and less than half that in 1979.

Mrs. Courtenay Slater, the Commerce Department's chief economist, argued that the trend over the past three months had been encouraging. She noted that the average monthly deficit in the past quarter had fallen to about $1.8bn, the first time in more than a year that it had been below $2bn, and that trade in manufactured goods in the past three months had been almost in balance, compared with a sharp deficit in the first seven months of the year.

The October figures nonetheless make it all the more certain that last year's deficit of $26.5bn will be exceeded. Over the first 10 months, the deficit has amounted to $24.79bn, implying a shortfall for the full year of almost $30bn. In the first 10 months of last year, the U.S. trade balance was $21.16bn in the red.

In October, in addition to the decline in gold sold overseas, exports of food and chemicals and related products both fell, in both cases by more than $100m. That more than offset higher foreign sales of U.S. raw materials, machinery and transportation equipment.

On imports, foreign oil purchases fell by $125m to just less than $3.5bn compared with September (on an unadjusted basis) while the decline by about 8 per cent in the value of imported iron and steel partly reflects adjustments to the U.S. trigger price system governing foreign steel purchases.

However, the value of imports of foreign food and raw materials, particularly lumber and iron ore, increased.

For the year to date, exports have been running at a 16 per cent annual rate, higher than for calendar 1977, which gives the Administration some encouragement that U.S. business, as well as agriculture, is capable of competing in world markets. Over the same period, imports, starting from a larger base, have risen at an annual rate of about 15 per cent.

Next year's projections for the trade and current-account balances are based in good measure on the assumption of more rapid growth among the country's main trading partners and slower expansion in the U.S.

Michael Blanden writes: The dollar fell against other leading currencies after the publication of the disappointing U.S. trade figures.

Its currency ended the day's dealings in Europe slightly above its worst levels. Against the West German D-mark it fell to DM 1.9210 compared with DM 1.9275 on the previous ground, and dropped quite sharply against the Swiss franc to SwFr 1.7205 against SwFr 1.7390.

The Bank of England's index of the dollar's value against a basket of currencies fell from 85.1 to 84.9.

The pound rose against the dollar, touching $1.9550 at one point before coming back to close with a gain of 25 points at $1.9515. Its trade-weighted index reached 62.8 at noon, but ended at 62.7 compared with 62.6 on the previous day.

Staflex ceases trading after continued losses

BY CHRISTINE MOIR

STAFLEX INTERNATIONAL, which rocketed to success in the 1960s on its invention of "iron-on" interlinings for shirt collars, is to cease trading today.

The board will be calling for the company to go into voluntary liquidation.

The group has been relying on support from its bankers since it announced pre-tax losses of £6.3m last year, after producing record pre-tax profits of £2.4m in 1976.

In July, when it became apparent that there was a £1.2m deficit on shareholders' funds, the banks agreed to provide continuing support while the company embarked on a complete restructuring.

That support ended on Tuesday. Staflex's exceptional expansion during the late 1960s had meant involvement with banks throughout the world. Thirty of them met on Tuesday in the role of company doctors.

The prognosis was bad. Since July, Staflex had continued to lose money as orders failed to materialise. The deficit and the borrowings continued to rise significantly.

As a result, the crucial negotiations with DHJ, a European group which proposed to take over Staflex's European distribution network, began to founder.

Because orders were lower, DHJ insisted on a reduced price for the distribution network. It also wanted guarantees of continuing bank support.

DHJ's final offer price clinched the bank's belief that liquidation was "ultimately inevitable. The decision was not unanimous but shareholders will now vote on December 29 to wind up the company.

In its last balance sheet, Staflex had borrowings of £11.4m, mostly to banks, compared with net assets of £7m or so. Yesterday, Mr. Bill Rao, the managing director, said that the company would be unlikely to repay its creditors within a year.

It seems likely that it will be the banks rather than shareholders which appoint a liquidator at the end of the month.

Expansion

Staflex became a glamour stock in the 1960s when its new invention, fusible interlinings, quintupled profits and trebled dividends in five years. Throughout the decade progress was uninterrupted. There was a hiccup in 1970, but from then until the end of 1976, growth continued. Turnover rose from £12m in 1969 to £43m, and profits from £1m to £2.4m.

Instead of diversifying, Staflex went for international expansion, involving heavy capital outlays on new factories overseas, at a time when competitive products were beginning to steal market share. This, and the textile slump at the end of 1976, meant that by the end of last year, trading profits were £4m short of covering interest charges on £18m of borrowings, and £2.3m worth of stocks had to be written off.

Since then, not even massive sales and closures of subsidiaries have done more than reduce borrowings to £11m, and losses have continued inexorably.

THE LEX COLUMN

Audit committees no cure-all

Quite suddenly a big interest has sprung up in audit committees. This transatlantic phenomenon—90 per cent of large U.S. companies have them—is now being emulated by UK companies like Shell, BP, BAT and the clearing banks. This week Mr. Gordon Richardson, Governor of the Bank of England, has expressed his broad approval for the concept, suggesting that every quoted company should seriously consider whether an audit committee might help to improve its performance.

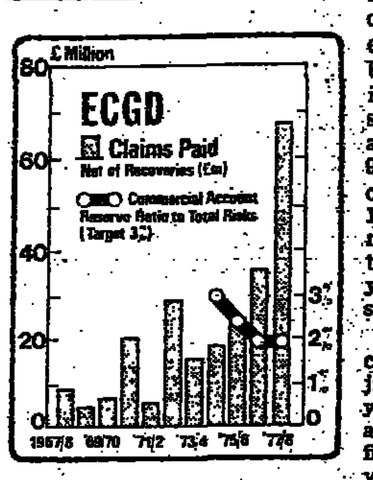
Clearly, some careful definitions are necessary for a company to come to any worthwhile conclusions. What is an audit committee, and what is it supposed to do? Even in the U.S., where audit committees have mushroomed from small beginnings during the past decade, they are not yet defined precisely. The New York Stock Exchange, which requires listed companies to have them, sets out only broad guidelines. Crucial questions such as whether the directors on the committee should be exclusively non-executive, or should include company executives, are left open for companies themselves to decide.

Where the finance director becomes involved the committee can be seen simply as a means of improving communication between the board and the auditors. In the U.S., where the chief financial officer is frequently not a director, and the auditors often find difficulty in arranging meetings with the board there may often be a function to be served. But in the UK this communications problem is less likely to arise, and an audit committee could too easily be dominated by the finance director.

So ideally a UK audit committee will consist of non-executive directors whose brief will be to monitor the general financial performance of the company and to liaise with the external auditors. In general it seems that the large accounting firms welcome this, partly because it provides them with another forum for solving problems. On the other hand the smaller accounting firms fear that, as in the U.S., this development will intensify the drift of companies to the Big Eight.

It would be wrong to think that audit committees can be any panacea. The problem with non-executives always is that people of the right calibre are very hard to find. And it would be a retrograde step, at a time when the responsibilities of all company directors are being re-emphasised in statute law, to give the impression that major responsibilities can be delegated to sub-committees. It would be nice to think that some recent company failures could have been prevented by vigilant audit committees. But it would be out of character for a poorly managed company to appoint a strong audit committee.

Index fell 0.9 to 489.0



ECGD

By common reckoning the Export Credits Guarantee Department (ECGD) is one of the few financially successful arms of the UK Government machine, but it is always hard to tell from its annual trading result whether it is in fact doing well or badly.

Until a few years ago it was only required to break even "taking one year with another." In 1975 its brief was tightened up and it is now required to operate at no net cost to public funds and to provide sufficient reserves, as agreed with the Treasury, to meet current and future liabilities. However, as its latest results show, ECGD has not been able to meet its original objective of keeping a reserve equal to 3 per cent of its commercial liabilities. For the past two years the reserve ratio has hovered around 1.9 per cent and ECGD has finally been able to persuade the authorities to lower its target reserve ratio to 2.25 per cent by 1981. Even so, this looks a pretty steep target in the absence of another sizeable rise in ECGD premium rates — they rose by around 25 per cent last year.

Measured by other criteria, ECGD's recent performance does not look too impressive either. The percentage of total UK exports insured by ECGD in 1977-78 suffered one of its sharpest declines for some years and net claims rose by nearly 90 per cent, although the value of exports insured rose by only 10 per cent. The value of business transacted fell in real terms for the first time for many years, which led to a corresponding drop in staff efficiency.

However, such short-term comparisons hardly do ECGD justice. Over the past four years its business has doubled and it would be very hard to find another financial institution where the financial ratios would not have suffered an even worse setback on the back of such a big growth in volume. At least private sector insurance companies have been able to have rights issues to bolster their reserves — a course not open to the ECGD — and at the end of the day ECGD's underwriting experience, even after a rather poor 1977-78, would be the envy of most insurance companies.

BPB Industries

Strong demand for plasterboard even where the building industry as a whole is sluggish is reflected in the 19 per cent rise in BPB Industries' interim pre-tax profits to £17.7m.

Most of the profits increase has been earned in the UK, where BPB is the monopoly supplier. Plasterboard is still increasing its market share as a walling material and insulator in new housing and there is buoyant demand from the repairing and home improvement market. The group's UK turnover in building materials rose 15 per cent.

Ireland and, despite the adverse currency factor, Canada have provided very strong markets, but the present downturn in North American housing starts may pose some problems next year. A very poor figure from France reflects the impact of some accelerated depreciation of new plant. However, the lifting of French price controls coupled with rising demand promise a far better second half while in the UK there will also be the full benefit from recent price increases.

If the second half repeats the first the shares, at 245p, sell at around 6.2 times fully-taxed earnings and yield a prospective 5.2 per cent.

Ferodo seeks 'second sourcing' deal with Lucas

BY DAVID CURRY

PARIS, Nov. 29.

THE FRENCH motor components group Ferodo is hoping to negotiate an agreement with Lucas of the UK for "second sourcing" of some of the products it supplies to the French motor industry.

This means, essentially, that French motor manufacturers are insisting on having alternative and competing supplies of essential components.

The hope for such an agreement was expressed this week by M. Andre Boisson, chairman of Ferodo.

Any such deal would not necessarily affect the disputed status of the electrical component maker Ducellier which is being fought out between the French and British concerns.

Ferodo has acquired control of the voting rights associated with the 51 per cent stake in Ducellier held by the Bendix subsidiary DBA.

Lucas, which holds 49 per cent of Ducellier, claims it had the right of pre-emption on the remainder of Ducellier and that the Ferodo acquisition has no basis in law. It is challenging the Ferodo move in court.

However, even if not directly related to Ducellier, the two issues are linked.

French motor manufacturers have made it clear that Ferodo together with Ducellier would constitute a dominant force in the French market upon which they would not be prepared to rely as sole supplier and would be forced to diversify their purchases to overseas companies.

The Ferodo approach to Lucas could be a response to this pressure from Renault and Peugeot-Citroen.

Secondly, Ducellier is in an ambiguous position at the moment. Ferodo cannot effectively assert the control it claims while the outcome of court decisions remains uncertain. The court actions could take years to conclude.

Even if Ferodo did emerge with an undisputed 51 per cent control, it could not effectively run the company against the opposition of an embittered 49 per cent minority partner.

Ferodo and Lucas have tried to reach a compromise on Ducellier's ownership, but neither side will accept a minority position. The French Government has expressed its hope for a compromise and it is is reasonable to suppose that the two sides will eventually reach agreement.

On the basis of earlier discussions, this agreement would centre on the creation of a jointly owned company to control a portion of the Ducellier equity, with the remainder being held by Lucas.

It is possible, of course, that any discussions with Ferodo on "second sourcing" or global strategy could eventually end by giving birth to a Ducellier compromise placed within the context of a broader co-operation agreement.

Deutsche Bank takes stake in Nixdorf

By Guy Hawtin

FRANKFURT, Nov. 29.

THE Deutsche Bank, West Germany's largest commercial bank, is to take a 25 per cent stake in Nixdorfe, the family-owned West German computer group which had been discussing a possible link with Volkswagen.

The bank's participation could lead to Nixdorf's shares being offered on the country's stock exchanges, although the family has three years in which to decide whether or not to buy the shares.

News of the Deutsche Bank participation today comes shortly after the breakdown of the Nixdorf-Volkswagen talks. Negotiations are thought to have ended after Herr Heinz Nixdorf, the company's founder, made it clear that he was unwilling to sell VW a majority stake.

The bank is to pay DM 199.5m (£53.4m) for its slice of the Nixdorf equity. Under the terms of the agreement, the bank will divest itself of the Nixdorf shares by June 30, 1981, at the the latest—either by reselling them to the family or by placing them on the stock exchanges.

The acquisition will inject nearly DM 200m into the computer group. The package involves a 25 per cent increase in Nixdorf's nominal capital bringing it up to DM 40m.

Deutsche Bank will buy the 700,000 DM 50 nominal shares at a price of DM 285 per share, which gives the company a stock exchange valuation of DM 798m. The newly created equity will be split on a four-to three ratio between ordinary shares and non-voting preference shares.

Nixdorf family retains control, Page 28

Singer stewards will seek State help

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SHOP STEWARDS at Singer UK's Clydebank plant are to seek the help of the Government and the trade union movement, after an announcement by the company yesterday that it could save only 335 of the 2,800 jobs under threat.

Mr. Hugh Swan, deputy convener, said that he was bitterly disappointed that the management had rejected recommendations in a £50,000 consultants' report commissioned by the stewards and partly paid for by workers through a weekly levy.

Unions in the plant have been in touch with the Scottish Development Agency and hope to arrange a meeting of full-time union officials in Glasgow next week.

Rejection

They are still rejecting suggestions of a confrontation with the company or of seeking the co-operation of the International Metalworkers' Federation in getting unions at Singer plants in Europe and the U.S. to "black" work transferred from Clydebank.

Mr. Swan said that he was trying to keep the situation cool.

Clydebank, scene of the sit-in at Upper Clyde Shipbuilders and of recent lay-offs and factory closures, is one of the worst unemployment areas in the West of Scotland. The Government says that it will do all it can under the Industry Act to preserve jobs.

Singer said in June that it proposed to end production of industrial sewing machines, motors and needles at the 70-year-old factory, leading to a reduction in employment from 4,800 to 2,000 by 1982. Manufacture of household machines would be modernised with an investment of £5m.

The unions' report, written by PA Management Consultants, proposed retaining five industrial machines from the present range of more than 40 models. It called for the company to increase sales by a fifth, and for a joint effort by management and workers to achieve a similar increase in productivity, cut scrap by a fifth and halve fixed costs.

The additional investment needed was calculated at £2.3m, saving about 750 jobs.

The company questioned the consultants' arguments yesterday, but agreed to retain two industrial machines and some spare parts in the product range, and to spend an additional £1m to £2m.

Shop stewards were disappointed that the company had made no commitment to introduce new products. However, Mr. Larry Neely, Clydebank general manager, said that the question of new products rested on how well the plant could meet its goals in improving cost-effectiveness.

"Although Clydebank will remain unprofitable during the restructuring period, we are convinced that the plant will succeed over the long term, if all parties co-operate to the fullest. As Singer has said before, we believe there is a future for Clydebank," Mr. Neely said.

Continued from Page 1

CBI seeks talks

and help under the Export Credits Guarantee Act.

The CBI is questioning whether the Government can legally use discretionary powers to enforce a non-statutory pay policy.

There have been two publicised instance where these sanctions have been used under the last pay round.

The first concerned the Belfast firm of James Mackie, which had export credit help denied to it for a particular contract, and the second was when GEC was asked to agree not to breach the pay guidelines if it was to receive financial assistance for the development of a factory belonging to one of its subsidiaries. The latter request, however, was not enforced.

Elinor Goodman writes: The Tories are to force a vote on the use of pay sanctions next Thursday.

They will use a technical formula to put down a motion phrased in such a way as to attract not only the support of the minority parties but also that of these Labour back-benchers opposed to the pay policy concept.

In this way they hope to exploit the sanctions issue to cause the Government maximum embarrassment.

The vote will undoubtedly be close but even if enough Labour MPs rebelled over sanctions for a Government defeat, they would almost certainly fall in line on a subsequent vote of confidence.

The signs last night, however, were that the minority parties would ensure that the Government scraped home on the vote.

Though the Scottish Nationalists will probably vote with the Tories, the Ulster Unionists are unlikely to do anything which might jeopardise the Northern Ireland Representation Bill now going through Parliament.

In the past, Liberals have always supported the sanctions, though with the pact with the Government now formally ended, Mr. Callaghan can no longer count on their support.

Last night, some Left-wingers were predicting that as many as 70 Labour back-benchers might abstain rather than support the Government.

But the feeling was that the Labour opposition would dissolve if there was any real chance of a Government defeat.

The Tribune Group will probably discuss the question at its meeting on Monday.

The Tories are using Thursday's adjournment debate because, unlike a straightforward motion of censure, a motion on the adjournment cannot be amended by the Government.

The Tory front-bench—some of whom have had reservations about the wisdom of forcing a vote on pay at all—did not want the Government to be in a position to amend its motion, as this would allow general a amendment which could eliminate all Labour opposition.

Continued from Page 1

Oil supply

was not to face serious economic difficulties and political unsettlement. "For the decades ahead the energy problem must be placed continuously and prominently on our political agenda."

The recent passage of the U.S. National Energy Act represented an "historical watershed," said Mr. Schlesinger.

It showed the start of U.S. acceptance that fewer than 5 per cent of the world's population could not expect, in the long run, to consume almost 40 per cent of the world's oil production. (The Act could bring savings in U.S. oil consumption of about 3m barrels a day, but more far-reaching measures were rejected by Congress.)

Mr. Schlesinger also warned that the industrialised world must pay more attention to the vulnerability of its oil supply routes. The texture of strategic relationships in the Middle East was changing.

More than 40 per cent of the world's oil passed down the Gulf through the Straits of Hormuz. The events of the past year—including the coup in Afghanistan, the murder of two heads of state in North and South Yemen, developments in the Horn of Africa with the arrival of Cuban forces and Soviet military leaders and above all the severe unrest in Iran—had shaken the entire area.

Imports cause cuts at Hoover plants

BY MAX WILKINSON

HOOVER, the washing machine and domestic appliance manufacturer, announced a major retrenchment at its plants in Wales, London and Glasgow, yesterday.

In a simultaneous announcement at the three centres, the company told trade union representatives of a 10-point plan to improve efficiency and cut wage costs.

The company has not said what the proposals will mean in terms of redundancies, but it is clear that many jobs are threatened.

Hoover's main difficulty is that margins on washing machines and some other products have been cut nearly to zero by the competition of imports from Italy.

A recent confidential report by the Deparment of Industry's National Engineering Laboratory, showed that several Italian companies had much lower costs than their UK competitors.

Hoover's response is to impose new efficiency measures at its factories at Merthyr Tydfil, South Wales, Cambuslang, Glasgow, and Perivale, London.

It has shelved several new products, including the production of a new dishwashing machine and a top-loading washing machine.

The retrenchment puts a serious question mark over Hoover's plan to expand into a new 40,000 sq ft factory at Merthyr Tydfil, which the Welsh Development Agency is building for it at a cost of £14m.

The plan, announced a year ago, was to increase the workforce from 5,500 to 8,000 at Merthyr. But redundancies announced in the last six months have cut the workforce to 4,900.

It was announced yesterday that two factories at Dowlais, Wales, will be closed during the next one to two years, and production transferred to Pentrebach.

The economy measures include a reduction of shift working and overtime, revision of sick payments, a cut in company-sponsored social events, a campaign to eliminate waste and the end of production of Hoover's wringer washing machine.

The company said the main aim was to restore profitability. It said last year's profits were only £12m, compared with the £40m which would have been needed to keep pace with inflation.

Recently, Hotpoint, the GEC subsidiary, and Hoover's main rival, announced that its expansion plan in North Wales had been called into question because of the competition from Italian imports.

Weather

UK TODAY

CONTINUING cold and dry with sunny intervals.

London, SE, Central and E England, E Anglia, E Midlands
Dry, mostly sunny, some freezing fog.

Channel Islands, W Midlands, Central and NE England
Dry, sunny intervals. Frost early and late.

SW England, Wales
Occasional rain, or snow.

NW England, Lake District, Isle of Man, Borders, Scotland
Rain or snow at times, dying out later.

N Ireland
Becoming dry, sunny intervals.

Outlook: Mainly dry and bright but rain later.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	S	2	36	Manchstr.	F	1	34
Bahrain	S	24	75	Melbourne	R	23	73
Barcelona	S	10	50	Mexico C.	S	20	67
Beirut	C	21	70	Milan	S	6	43
Belfast	C	5	41	Montreal	C	—6	21
Belgrade	Sn	1	34	Moscow	C	2	36
Berlin	R	3	37	Munich	Sn	—2	28
Brmghm.	S	3	37	Newcastle	C	2	36
Bristol	S	0	32	New York	C	5	41
Budapest	Sl	1	34	Oslo	S	—8	18
B. Aires	S	27	80	Paris	C	1	34
Cairo	S	24	75	Perth	S	23	73
Cardiff	C	2	36	Prague	Sn	0	32
Chicago	C	3	37	Reykjavik	R	5	41
Cologne	C	0	32	Rio de J'o	C	26	78
Copnhagn.	C	0	32	Rome	C	11	52
Dublin	C	6	43	Singapore	S	29	85
Edinb'rgh	C	0	32	Stockholm	C	—1	30
Frankfurt	F	—1	30	Strasbrg.	S	—1	30
Geneva	C	0	32	Sydney	Fg	27	81
Glasgow	C	2	36	Tehran	S	8	46
Helsinki	C	—6	23	Tel. Aviv	C	21	70
H. Kong	S	17	63	Tokyo	S	15	59
Jo'burg	S	25	76	Toronto	S	1	34
Lisbon	F	16	61	Vienna	Sn	1	34
London	F	4	39	Warsaw	C	4	39
Madrid	S	8	46	Zurich	C	—2	28

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	11	52	Istanbul	C	15	59
Algiers	C	10	50	Jersey	C	4	39
Biarritz	S	7	45	Las Plms.	F	21	70
Blackpool	S	3	37	Majorca	F	11	52
Bordeaux	C	4	39	Malaga	F	17	63
Boulogne	S	—1	30	Malta	R	10	50
Cashlnca.	C	18	64	Nairobi	S	22	71
Cape Tn.	C	23	73	Naples	C	7	45
Corfu	R	9	48	Nice	F	10	50
Dubrovnik	C	9	48	Nicosia	C	21	70
Faro	C	17	63	Oporto	F	15	59
Florence	F	6	43	Rhodes	F	18	64
Funchal	C	18	64	Salzburg	Sn	—1	30
Gibraltar	F	17	63	Tangier	C	17	63
Guernsey	C	5	41	Tenerife	C	15	59
Innsbruck	C	—2	28	Tunis	C	9	48
Inverness	C	5	41	Valencia	S	11	52
Is. of Man	C	6	43	Venice	F	6	43

S—Sunny. F—Fair. C—Cloudy. Sl—Sleet. Sn—Snow. R—Rain. Fg—Fog.

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